

Fujitsu Technology Solutions GmbH

München

Befreiender Konzernabschluss zum Geschäftsjahr vom 01.04.2023 bis zum 31.03.2024

Fujitsu Technology Solutions (Holding) B.V.

Amsterdam / Niederlande

Annual Report 31 March 2024

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PRELIMINARY NOTE

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union as applicable for European entities. The shareholder has approved the use of English for preparation of this Annual report including the Group and Company Financial Statements.

Report of the Board of Directors

The Board of Directors presents its Report and the audited financial statements for the year ended March 31, 2024.

Fundamental information about the Group

Business Model

Principal activities

Fujitsu's purpose is to make the world more sustainable by building trust in society through innovation. As the digital transformation partner of choice for customers in over 100 countries, our 124,000 employees work to resolve some of the greatest challenges facing humanity. Our range of services and solutions draw on five key technologies: Computing, Networks, AI, Data & Security, and Converging Technologies, which we bring together to deliver sustainability transformation. Fujitsu Limited (TSE:6702) reported consolidated revenues of yen 3.8 trillion (€ 24.1 billion) for the fiscal year ended March 31, 2024 and remains the top digital services company in Japan by market share.

Fujitsu Limited is the ultimate parent company of Fujitsu Technology Solutions (Holding) B.V. ("FTS" or "The Company"). Fujitsu Limited and its subsidiaries comprise the Fujitsu Group ("Fujitsu Group" and "Fujitsu").

Fujitsu Technology Solutions (Holding) B.V. ("The Company") with registered address in De Meern, The Netherlands (commercial register: Kamer van Koophandel, registration number 34119675).

The Company and its subsidiaries (which together comprise "The Group", "FTS" or "FTS Group") are part of Fujitsu's global business.

The FTS Group works closely with its sister company Fujitsu Services Holdings PLC ("FSH"), a fellow wholly owned subsidiary of Fujitsu Limited, headquartered in the UK, and its subsidiary companies across the UK, Ireland and the Nordic region, comprising Finland, Sweden, Denmark and Estonia. These businesses form an integral part of Fujitsu Limited's international business across the wider European region ("Fujitsu Europe") where, together, they offer an extensive presence and IT services and solutions capability.

Full details of the Group's current subsidiaries are set out in Note 7 to the Financial Statements of the Company.

The FTS Group employs approximately 12,930 people as part of the Fujitsu Europe workforce.

Changes during financial year 23/24 and upcoming years:

Exit from Client Computing Business in Europe

In August 2023 Fujitsu announced its intent to exit from the Client Computing Devices (CCD) Business in Europe. Fujitsu's Platform Business now focuses on driving product-related Data Center Technology Business and on-premises infrastructures services into the market, in strong collaboration with Fujitsu's Partner Network and Fsas Technologies Inc., which is a wholly owned subsidiary of Fujitsu Limited, dedicated to hardware such as servers and storage (established on April 1st, 2024 in Japan).

Exit from Private Cloud Business in Germany

In financial year 23/24 Fujitsu, in Germany, made the strategic decision to focus on public cloud solutions as well as new digital application business and Fujitsu Uvance, and to exit the private cloud business. To achieve this, Fujitsu started to plan the required measures whilst in parallel exploring the divestment of the private cloud business to a buyer that could further develop that business in German market. An agreement was finalized for the acquisition of Fujitsu Services GmbH by AEQUITA, a Munich-based family office on November 10, 2023 concluding with the deconsolidation of Fujitsu Services GmbH on January 31, 2024. Prior to that, the remaining Service Business was spun off to the existing subsidiary Fujitsu Technology Solutions Intellectual Property GmbH, which has been renamed to Fujitsu Germany GmbH on December 5, 2023. Fujitsu Germany GmbH now focuses on selling Fujitsu's global service portfolio in close and continuous coordination with the global organization and exploiting the great potential of the German market for Fujitsu Uvance, building on our EPS business in our growth strategy.

Restructuring programs

The changes in the Platform business related to the CCD Business exit and the decision to divest from the private cloud business in Germany are accompanied in each case by a reduction in the number of employees which has a consequent impact on the Corporate Functions in Germany and other countries supporting those business activities. Respective restructuring provisions have been recognized over FY 23/24, to right-size operation costs for future business scope and size. The aim is to sustainably support and add value to the business activities and their growth agenda whilst enhancing the productivity of the corporate functions. Fujitsu also streamlined and consolidated its Services business management structures into country clusters gathering together small to mid-sized countries, aiming to implement leaner organizations with robust management control and faster decision making. Related restructuring provisions have been recognized in FY 23/24 in those countries.

Separation platform and service business

Fujitsu Group has made the decision that the two core businesses of platform and services will work independently of each other, each with their own clear strategic focus. Consequently, Fujitsu in Japan has consolidated the server and storage business into Fsas Technologies Inc (FTI) since April 1, 2024, and it is planned that the European Platform organization will become part of the FTI group to support its hardware business in the market by April 1, 2025.



Reorganization of corporate legal structure of Fujitsu's European subsidiaries

Fujitsu aims to establish a clear, separate business management framework for its services business and platforms hardware business in Europe, aligning the corporate legal structure with the business management structure in each country. Fujitsu currently has two primary holding companies to promote its business in Europe. One is Fujitsu Technology Solutions (Holding) B.V. (hereinafter "FTS Holding") incorporated in the Netherlands, and the other is Fujitsu Services Holdings PLC (hereinafter "FS Holding") incorporated in the United Kingdom. Through this reorganization, all European services business including entities of FS Holding will be integrated under FTS Holding as of April 1, 2025, reflecting Fujitsu's aims to maintain healthy business growth by improving management efficiency and enhancing governance. For the European hardware platforms business, Fujitsu plans to establish a more flexible management structure by positioning the hardware platforms business under the management of a European subsidiary of Fsas Technologies Inc., which is a company dedicated to hardware such as servers and storage (established on April 1, 2024). After the transfer of the services business subsidiaries to FTS Holding, FS Holding will end its current role as a holding company and will be liquidated. These moves are intended for Fujitsu to continue dedicating the appropriate management resources necessary to achieve robust and sustainable growth for its European business together with Fujitsu group companies.

Product Portfolio

Aligning Fujitsu's product portfolio to the new requirements in the after-pandemic era

Three years after the pandemic, we reached a "new normal" of hybrid working - a well-balanced combination of working from home and in the office. With high agility, Fujitsu focused on supporting customers by listening and understanding their challenges and needs and solving these with solid solutions and enabling customers to access corporate data by reshaping their whole IT environment.

Driving sustainability in the data center with Fujitsu PRIMEFLEX Integrated Systems

In the face of limited power availability in key data center markets, together with high power prices and mounting pressure to meet sustainability legislation, enterprise IT needs to review its energy footprint. With the support of the latest energy-efficient Fujitsu PRIMERGY M7 server generation, modern architectural approaches like hyper-converged infrastructures along with flexible IT consumption models, Fujitsu PRIMEFLEX Integrated Systems help IT organizations to meet their sustainability goals and keep energy costs under control. With PRIMEFLEX Integrated Systems, Fujitsu provides a broad range of preconfigured, pre-tested and hybrid cloud-enabled systems including all services to streamline the deployment, life cycle and maintenance of hybrid data architectures.

Data-driven server designs - PRIMERGY x86 Servers

The path to data-driven organization naturally influences the design of processing platforms to extract business value out of data with latest analytical and AI applications. This trend drives the emergence of special purpose servers which focusing on AI workloads. Fujitsu responded with the release of the PRIMERGY x86 server GX Portfolio designed for optimal configurations with graphical processing units (GPUs) - a specialized and dedicated system class for Artificial Intelligence with Machine Learning and Deep Learning high performance demands. But also, the other industry standard PRIMERGY server segments were updated to the M7 generation of Dual and Quad socket servers, comprising latest on Intel's 4th generation of the Xeon Scalable family processors and the first generation of the new DDR 5 main memory. The new fastest memory technology with up to 4800 MT/s helps customers to run data intensive workloads and in-memory heavy applications like SAP S/4HANA much more efficient. The already available latest M5 generation of our Mono socket Tower and Rack servers rounded off the completely renewed server portfolio to perfectly cope with the challenges of new and higher workloads. To support the changing customer demands for a broader offering of processors on heavy demand in times of data driven businesses, Fujitsu extended its server portfolio with AMD processor platforms to broaden the choice of supply options.

Data & Storage: building resilient data platform for our customers' IT

Becoming data-driven not only results in higher data volumes to deal with but it also means to cope with a higher diversity of data types. Fujitsu's storage strategy follows the direction "the right storage technology for the right data scenario" by enhancing technology partnerships. With the file data platform from Qumulo in our portfolio, Fujitsu leverages software-defined storage technology to enable enterprises to master petabytes of data in distributed environments across multiple data centers and the cloud. For analytical and high frequency transactional processes Fujitsu engages in a global partnership with NetApp and has NVMe ready entry and midrange storage systems to help customers leverage data faster with lower operational management costs. Innovations of the ETERNUS CS appliances together with the partners Veeam, Veritas and Commvault strengthen Fujitsu's comprehensive data protection portfolio ensuring data availability and business continuity across on premise and cloud environments and reducing ransomware attacks. Especially the latter is expected to increase tremendously by 2030. Therefore, Fujitsu and his trusted technology partners in the data protection area want to prevent ransomware attacks in customers' environments as much as possible.

Innovations for BS2000 mainframe customers

Innovation highlights for our overall BS2000 portfolio with SE Infrastructure, Software and Services in the last year were the development of new SW features of our BS2000 OS DX SW - based on a new and agile SW development and deployment approach and the introduction of BS2000 Systems Health Check enabling our customers to determine the currency of their installed software.

To support mainframe customers who want to modernize applications, Fujitsu established a new Application Services department with offerings such as PROGRESSION and enlarged our further grown broad integrated solutions portfolio for Data Center Management and Automation that boosts the success of the entire data center thanks to a combination of AI with automation and Self Driving Data Center Solutions.

Consumption-based IT - uSCALE

Fujitsu uSCALE delivers flexible, on-premises IT infrastructures "as-a-service" solution based on actual usage. To give even greater transparency to customers, Fujitsu invested in a brand new uSCALE Customer Success Portal, a platform designed to offer customers a seamless experience in monitoring, analyzing, and optimizing infrastructures. The portal provides visibility on system consumption data, order tracking, capacity management, and forecast insights to fully utilize consumption-based, as-a-service resources. Also, with the uSCALE Price Estimator, prospects can quickly and easily estimate the costs of pre-packaged consumption-based offerings for data management, computing and other pre-packaged offerings.

Data-driven Transformation



There is a huge value in data and understandably to drive towards digital transformation initiated in every organization. At Fujitsu, we work with our customers on every aspect of their data-driven transformation and at every stage of their project, from initial consultation up to solution development and implementation. Therefore, our Co-Creation is in the heart of our process.

Next Gen SAP

In data-driven businesses, real-time analysis and a secure environment are key. As a trusted advisor, Fujitsu is the right partner for your transition to SAP S/4HANA by offering expertise, end-to-end solutions, and relevant support services to evolve into an Intelligent Enterprise.

Global Product Sustainability

Given the requirement to enhance sustainability-focused corporate management, fulfilling corporate social responsibility from a global perspective has become an increasingly important issue. The Fujitsu Platform Business promotes its Sustainability activities based on the Fujitsu Way. Fujitsu takes care to operate responsibly at every stage of the product's lifecycle. As a global organization, we are mindful of the environment during our product design, manufacture, distribution, and beyond.

Services and Solutions Portfolio

Fujitsu has a broad range of digital technologies and services to support their business. We provide digital technology services such as AI, Workforce and Workplaces Services and Security to enable customers throughout their digital journey. Fujitsu also provides full integration services and we deliver co-creation programs to drive business and social innovation.

Through our digital technology and services, Fujitsu guides customers through their digital transformation and journey towards the future.

Application Services

Application Services leverage innovation from the full Fujitsu group and partners, providing solutions for our customers.

Our Business, Application and IT Infrastructure consultants work with organizations to achieve operational effectiveness and business performance.

We take an industry led approach, which means providing services that support industry specific business processes, with a focus on the integration of complex systems to enable our customers to embrace digital transformation. Fujitsu provides a full range of application services to support the development, integration, testing, deployment and ongoing management of both custom-developed and packaged applications.

AI and Quantum Inspired Technology Services

Fujitsu's AI solutions provide a human-centric approach to the co-creation of services and solutions. It utilizes 'best of breed' global technologies that have been developed and deployed to meet ever-growing customer challenges.

Enterprise and Cyber Security

Fujitsu provides a broad portfolio of intelligent security offerings to enable organizations to prepare for and respond to various security issues.

Our Managed Security Services portfolio includes Firewall Management, End Point Security & Encryption, IDS/IPS, Security Information Event Management (SIEM) and SIEM as a Service, Web and Email Security, Data Loss Prevention, Vulnerability Management and advanced threat detection, orchestration and analytics, all of which are underpinned by our Cyber Threat Intelligence Services.

Quality management: the European Business Management System (EBMS)

The EBMS forms the basis and the means to ensure the operational implementation of our strategic objectives. It comprises all those main activities that provide customer benefit, sustainability, and stability. It focuses on our business processes, our work methods, and our corporate culture.

Key Executives are responsible for setting up, maintaining, and developing the Business Management Systems for Quality, Environment, Information Security, IT Service Management, Occupational Health and Safety, Risk Management and Business Continuity. Our dedicated Quality Management team continuously monitors and improves the system.

To realize the requirements of all standards to which Fujitsu in Europe has gained and maintained certification, the EBMS is the single reference point for all employees to find policies and processes for operational activity. This organic anchoring of EBMS in Fujitsu's life provides alignment with legislation, regulation, and standards.

In FY2023/2024, we continued to evolve the EBMS and overall Quality Management, with enhancements including:

- Securing recertifications of ISO 9001 (Quality Management) and ISO 20000 (IT Service Management), demonstrating the strength of the EBMS across the Europe organization.
- Promoting EBMS and Quality Management through a variety of events held in World Quality Week 2023.
- Updating Certified Sites Lists following changes in legal entity changes, sites, and activities.



- Revising both Quality Management and Environment and Sustainability training courses to ensure they remained relevant with external and internal changes.

The process of continual improvement in the EBMS is iterative, with many inputs to drive change. These include findings from external or internal audits, whether good practices, opportunities for improvement or non-conformities resulting in corrective action plans. These all ensure the EBMS continues to evolve to meet the needs of our business and customers.

Value-based management of the Group

Key financial performance indicators used by the Group are:

- Revenue (including year-on-year growth)
- Operating profit (also measured as a percentage of revenue)
- Sales orders
- Cash flow

These performance indicators are prepared on a regular basis throughout each financial year for the Executive Board and key management personnel to assess performance against targets. Performancebased, short-term incentive plans for Executives and senior management are also based on a combination of these financial KPIs to drive alignment of business objectives and achievement of a common strategic direction. Further performance analysis, including business line and sector, product and service offering and geography, is also prepared regularly to monitor business performance against targets, and to monitor progress on priorities to achieve profitable growth and sustainability in a digital services-oriented organization of connected services, software, and technology, managed to achieve required levels of profitability and shareholder value.

New sales order intake, particularly long-term customer contracts for delivery of IT services, is an important indicator of business growth and sustainability, creating a platform for new business engagements with our customers and underpins business planning over the mid-term plan period.

Cash flow is a key measure of business performance. Management focuses on the working capital cycle to minimize working capital investment, supported by a comprehensive centralized cash management and cash-pooling structure, designed to maximize cash flow efficiency across the Group. Positive cash generation supports the Group's ability to fund capital investments, invest in customer contracts and deliver restructuring projects to further transform our business in line with the management direction.

Targets and strategy of the Group

Principal Activities

The Group's principal business activities are the delivery of IT services and products targeting customers' business requirements:

- Uvance - innovative solutions that address business challenges, solve societal issues, and accelerate sustainability transformation with Fujitsu's customers
- Uvance Vertical Solutions - sector focused solutions designed to address societal need in four main areas:
 - Sustainable Manufacturing
 - Consumer Experience
 - Healthy Living
 - Trusted Society
- Uvance Horizontal Services - core IT services driving digital transformation:
 - Business Applications such as SAP, ServiceNow and Microsoft Dynamics 365
 - Data Driven Management including AI, Analytics and Blockchain
 - Work Life Shift workplace IT services including Microsoft 365
 - Hybrid IT including Cyber Security
- Application Transformation - An end-to-end set of transformation services for consulting, application development, migration, integration and modernisation of client and mainframe application estates
- Consultancy - Business and Technology consultancy to assist customers exploit technology



- Network Services - Services and technology helping organizations to connect people, information and devices
- Business Centric Infrastructures - Servers, storage, mainframes and support services that provide core IT capacity

The Group has the full range of capabilities and relationships to deliver these services from hardware, data centers, networks, applications, consulting through to integration and deployment. Fujitsu has long-standing and deep relationships with key partners, such as Microsoft, SAP, AWS, VMWare, ServiceNow, Citrix, RedHat, NetApp, SUSE and Nutanix.

Business Objectives

The Group will remain focused to meet the financial expectations of shareholders whilst continuing to invest in the technologies that will support the Uvance strategy. The Group has a strong existing customer base and reputation for delivering IT services and products into its geographic markets. The Group will continue its on-going priorities of customer focus, investment in people and maintaining an ethical approach to business through its sustainable business program.

Operating Model

In Europe, the Group's business comprises three main business lines covering IT Services, System Platform (product) and Enterprise Platform Services (EPS).

IT Services delivers market leading Uvance and other offerings. Delivery is supported through an integrated delivery organization with local, regional and global capability.

Systems Platform provides IT infrastructure products and services through in-country sales teams and a European infrastructure services delivery unit. The focus is on the provisioning of systems and solutions for customers on-premise infrastructure - either directly or through channel partners.

Within Enterprise Platform Services (EPS), the focus is also on innovation and modernizing the way in which Fujitsu delivers its mainframe solutions in a modern and flexible operating environment.

For changes during FY 2023/2024 and upcoming years, we refer to the first part of this report.

Employees, society, and environmental protection

People

As we pursue our strategy, employees are one of Fujitsu's core resources. We will therefore continue to rely on human resources who can create new business opportunities and innovation in collaboration with customers and partners on the premise of the sustainability of society and business. Our employees can enhance their abilities and specialties to grow as individuals, learn to take the challenges of transformation, working in a global environment and adapt independently to the rapid and intense changes in a fast changing-business environment.

Sustainability

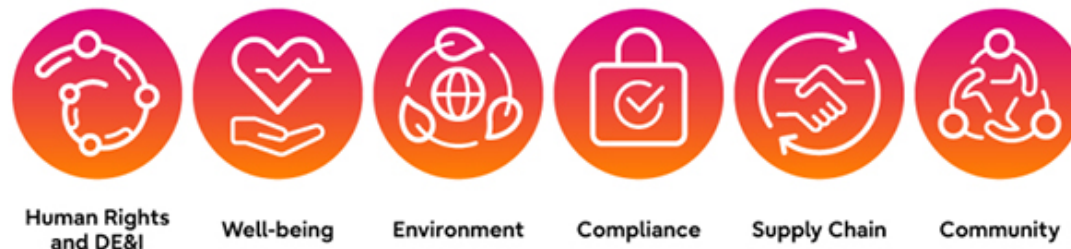
Fujitsu's purpose is to make the world more sustainable by building trust in society through innovation. We build new possibilities by connecting people, technology, and ideas to create a more sustainable world. We do this in accordance with our values of trust, empathy and aspiration, and our code of conduct. We call this the Fujitsu Way.

The Fujitsu Way is about who we are and how we work. It unites our people and our operations around the world and is brought to life through our Responsible Business Strategy. This strategy is focused on enabling initiatives that contribute to achieving the targets of the United Nations Sustainability Development Goals (UN SDGs).

The role of information and digital technology is essential in everyday life, from transport and energy to healthcare and education. Fujitsu is committed to making a positive impact on the society in which we operate. This commitment to responsible business, embodied in our ongoing Global Responsible Business (GRB) Programme, is at the heart of our long-term strategy.

Our Global Responsible Business program is comprised of six priority issues:

GRB (Global Responsible Business)



The Fujitsu Group operates a Responsible Business program across each region. Naturally each country faces different challenges and legal frameworks; however, doing business in the right way is important in any culture.

Responsible Business can manifest itself in several different ways, but in the last financial year, our highlevel strategy has covered six key areas: Human Rights and Diversity and Inclusion, Wellbeing, Environment, Compliance, Supply Chain, and Community.

Human Rights and Diversity and Inclusion (D&I)

Human Rights

• The Fujitsu Way

The Fujitsu Way is the guiding principle which forms the basis of the decisions and actions of all of our colleagues. It weaves through every aspect of our business, and comprises three main parts:

- Our Values, of trust, aspiration, and empathy.
- Our Purpose, which is to make the world more sustainable by building trust in society through innovation.
- The Code of Conduct, which all colleagues must abide by, and encompasses our Global Business Standards.

• Our Values: Understanding what matters most

Our Fujitsu Way values of Trust, Empathy and Aspiration, along with our purpose and our code of conduct are our foundation. They provide the framework that guides our decisions and the actions we take, as well as how we interact with everyone around us. The Fujitsu Way gives us a grounding in the way we work with colleagues and partners, and the way we serve the wider society around us.

We have put in place a program of training, support and resources called 'Living the Fujitsu Way', to ensure everyone continually acts with empathy, trust, and aspiration in their work.

• Our Purpose

We are living through an era that is fast changing, and uncertain. Societally, we are facing difficult challenges, such economic crises, pandemic recovery, and an aging population. At the same time, we are trying to mitigate against future threats such as climate change, armed conflict, and further pandemics.

At Fujitsu, we believe it is our responsibility to deliver innovative technology which will contribute to a transformation to a more sustainable society and planet.

• Fujitsu Group Human Rights Statement

The Fujitsu Group Human Rights Statement is applicable to all Fujitsu business activities, across all areas of the globe in which we operate. This includes executives, permanent and contract staff. Additionally, we encourage all external stakeholders (including customers, suppliers, and other third parties) to support the statement.

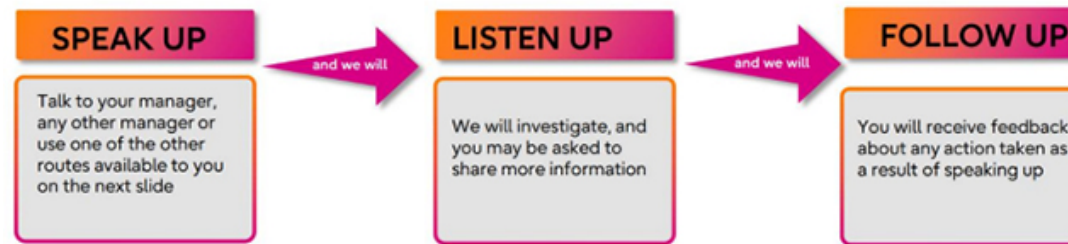
The statement commands respect for the human rights of employees, customers, and end users, and of those within our supply chain. It also outlines the suite of international human rights standards we uphold, our approach to human rights due diligence, remedy, and governance.

The continued prevalence of forced labour and human trafficking is a serious global issue with millions of victims, and we will not tolerate this within our organisation or within our supply chain. We are committed to ensuring we minimise the risk associated with forced labour, modern slavery, and human trafficking. To find out more about our commitment, refer to our Modern Slavery Statement.

At Fujitsu, we are wholly committed to creating a culture of openness, integrity, and accountability and ensuring we live our Fujitsu Way values every day.

Our colleagues are actively encouraged to speak up, without fear of victimisation or retaliation, where they experience concerns, behaviour or challenges that are in contradiction to the Fujitsu Way. Equally, we want everyone to speak-up when they identify opportunities to improve how we work, for our people, our customers or society.

We empower our people to speak up in a way that they feel is appropriate to themselves and their situation and offer various routes for people to speak-up. Our promise to our people is simple: when any of our colleagues speak up, (we will) Listen Up, (and we will) Follow Up.



• **Whistleblowing**

The protection of whistleblowers is of the highest priority at Fujitsu and governed by our Global Business Standards. Many countries in which we operate also have laws to protect whistleblowers and to prohibit any form of retaliation. Retaliations against anyone reporting in good faith or assisting the investigation will be treated as a serious disciplinary matter. For raising concerns as a Whistleblower, we have established the Fujitsu Alert tool, where Whistleblowers are treated with confidentiality and potential breaches are investigated. We have additionally implemented the requirements under EU Directive 2019/1937 on Whistleblowing ('Directive'), which shall encourage whistleblowing and increase protection of Whistleblowers.

Diversity and Inclusion

We are committed to developing a diverse and enabled workforce from the widest talent pools. We promote respect for people and equal opportunities for all. This encompasses age, disability, ethnicity, gender, gender identity and expression, religion or belief, sexual orientation, background, working style and many other personal characteristics.

Our global Diversity & Inclusion strategy which puts belonging at its heart and sets out our five focus areas to ensure all our people belong and can be completely themselves at work. We call this commitment #BeCompletelyYou.

Improving gender balance at Fujitsu and in the technology sector is an important priority for us. During 2023/24 21.8 percent of leadership roles across our FTS countries were occupied by women, progress from 16.6 percent from the previous year. Our Global Network for Persons with Disabilities gives voice to the experiences of employees with disabilities. During 2023/24, we continued to roll out improved processes for all our people to use a consistent standard of support to access the reasonable adjustments they need quickly and without barriers. In Germany we held a Workshop February 2024 on Neuro-Diversity together with DB Systel, to explore what neuro-diverse employees need and what benefit their neuro-diversity brings to their teams (especially in an agile set-up).

Our Global Pride network supports the inclusion of people of all gender identities and sexual orientation. The network hosts regular social and awareness raising events to connect colleagues and Allies.

Across Europe, we launched our new Conscious Inclusion training, e-learning for all our people to help understand the sources of bias and take practical steps to behave in an inclusive way with work colleagues. Plus, we offer 'inclusive hiring' training for all people managers involved in the recruitment process.

Well-being

Supporting the wellbeing of all our people is a priority for Fujitsu. Well-being in Fujitsu considers key elements as career and growth, health, social and financial wellbeing.

Across Europe, we have 4 wellbeing priorities:

- To create an open mental health culture, where our people can prioritize their mental health and wellbeing, talk openly about this at work and have access to support whenever experiencing mental ill-health.

With this aim in mind, we host regular awareness events to talk about different mental health topics and celebrate Mental Health Awareness Week and World Mental Health Day across the region.



- To support wellbeing in the hybrid world

In Spain, we supported physical activity day during April to focus people on staying active during their working day.

- To create inclusive and wellbeing focused people leaders
- Taking an inclusive approach to wellbeing

Environment

The Fujitsu Climate & Energy Vision sets out our goals to bring CO₂ emissions across the global Fujitsu Group to net zero, contribute to the decarbonization of society and help society adapt to climate change through the provision of technology. Our purpose is to: Make the world more sustainable by building trust in society through innovation. In 2023 we revised our SBTi's - our new goals are to achieve Net Zero across our business operations by 2030; and in our value chain by 2040.

Our European environmental management accreditation was re-certified in 2021 as meeting the requirements of ISO14001:2015 by Bureau Veritas and was reviewed during 2023 to ensure continual improvement. Fujitsu has been included in the Carbon Disclosure Project (CDP) A list for climate change for the past 7 years. Fujitsu has been recognised in the Dow Jones Sustainability Index every year since its inception in 1999. Fujitsu has also been ranked in the top 5% of S&P's Global Sustainability Yearbook 2024.

Across Europe, environmentally friendly office spaces are creating modern, flexible, sustainable places for our people to work. Since 2017 we have reduced our overall footprint by 53 %; all our HQs are BREEAM or LEED rated to the highest standards; and six countries operate on entirely renewable energy.

Our employees can access our Dashboard which shows them progress by country on reducing our carbon footprint. In the spirit of continual improvement, we are adding new data - 2023 saw Commuting, Working at Home and Supplier Data added to our footprint.

For internal and external use, we now have Playing Our Part: a story book of key facts on reducing our environmental impact across the Region.

Our SupplierPortal Pilot in 2023 requested data from 1000 suppliers in 7 countries. This enabled us to extrapolate from the responses to get a figure for total supplier emissions, and to start to measure whether our suppliers have targets and are focused on reducing their environmental impact. Together with our partner Cority, we won the Verdantix 'Scope 3 Metrics & Supply Chain Sustainability Award'. The award was specifically for recognizing advancements in Scope 3 data collection, analysis, modelling, and reporting that improve a business' understanding of climate change impacts. The SupplierPortal will be used for data gathering from our suppliers again during 2024.

Community

As a responsible business, we look to tackle societal issues and to contribute positively to local communities. Using our skills as an ICT company, we focus on digital inclusion, STEM, youth employment, volunteering, charities and universities and research establishments.

Our people across Europe were supported to take from one to five paid volunteering days during the year, to participate in organized volunteering events and programs.

In Spain, we supported the Kilo foundation, collecting over 300kg of food for food banks. In February 2024, we hosted our second Talent Academy in Spain, where 25 students from different universities completed training to become part of our delivery teams.

Corporate Governance

Proper corporate governance is essential to maintain the trust of customers, partners, suppliers, shareholder, employees and the public alike and ensure the long-term profitability of our business. The Group is committed to development of its corporate governance policies, practices and procedures across its various communities.

Corporate Culture

Our culture is based on a strong commitment to ethical behavior by management and employees at all levels in the organization. The Fujitsu Way - our corporate philosophy - communicates Fujitsu's vision, values, principles as well as the Code of Conduct and Business Policy. We believe that every employee and business partner must be aware of and understand the importance of conducting business in a manner that is consistent with the highest ethical standards and compliant with all applicable laws and must also be fully committed to adhering to those standards and laws.

Our Business Ethics and Code of Conduct Policies set out the standards of behavior, which are expected at all times. The purpose of the policies is to foster a working environment where every employee and business partner conducts daily business with honesty, integrity and a sense of responsibility, which is ultimately in the best interests of the Group. Our ethics policy is a manifestation of our overriding corporate value - our commitment to a special sense of responsibility.

Corporate Compliance

Fujitsu has implemented an enhanced risk-based compliance framework - prevention, detection and response - with the Fujitsu Way and the Global Business Standards as the foundation. The Group is constantly reviewing the existing corporate compliance program and improving further to adapt it to the risks of the business.

• Prevention

The cornerstone of any effective compliance program is ensuring that employees and business partners understand what is expected of them. The Group has established various ways to communicate the importance of The Fujitsu Way, the Global Business Standards and associated compliance policies and procedures to employees and business partners on a regular basis.



All Fujitsu employees must complete mandatory training on competition law, anti-corruption, fraud and export control on a periodic basis. The Group has also implemented a mandatory training requirement for its Select Expert Channel Partners. Fujitsu is providing additional function-related trainings (classroom or web-based trainings) for selected groups of employees and business partner across the Group. Management Boards on different levels and Fujitsu Governance Committees continued jointly with Corporate Compliance its practice of regular meetings to oversee and monitor all compliance activities across the Region. Fujitsu Compliance and Management also continued the practice of issuing periodic compliance communications on relevant topics. To increase local awareness and facilitate the exchange of compliance information, most subsidiaries have nominated a Local Compliance Advisor. The local compliance advisors are closely in contact with Corporate Compliance. Business Unit Compliance Advisors have been nominated to support with the business unit specific risks and procedures. The Group also monitors and reviews the onboarding of Third parties as well as sensitive transactions with Third Parties. Further monitoring and review activities are implemented for other sensitive transactions such as Gifts & Hospitality, Charitable Donations, Political Contributions and Sponsoring (together "GHC") based on specific policies and procedures, including an electronic approval workflow tool (GHC Disclosure System). GHC are subject to the conditions for documentation and other requirements, which are stipulated in the underlying policies.

In 2023/2024 Fujitsu continued to focus on the review and enhancement of compliance procedures in the business with its Third Parties under consideration of the changing business and political environment, the embedding of the compliance policies and procedures in the operating business and the local implementation of the EU Whistleblowing Directive in EU countries.

• Detection

A Fujitsu-wide whistle-blowing facility, Fujitsu Alert, is established since many years and is in alignment to meet the local requirements stipulated in the EU Whistleblowing Directive. Fujitsu Alert provides a way for Fujitsu employee and Third Parties to report an actual or a suspected breach of the Global Business Standards (if permitted by local law also anonymously and if requested followed up locally). All reports are assessed in line with applicable laws and investigations are initiated where required to validate the allegation. The Group has a zero-tolerance approach with regards to compliance breaches.

The internal auditing and risk assessment activities include most relevant compliance components as well as systematic compliance reviews and focus on geographically challenging areas in terms of compliance.

• Response

Actual or suspected breaches of the Global Business Standards are investigated by the internal investigation team or, if specifically requested, at local level in line with the applicable laws and, when appropriate, external counsel. Actions are taken as appropriate.

Fujitsu tracks investigations through its case management system. The case management system provides the Head of Corporate Compliance with visibility of reported cases and a means to track the progression and closure of cases. Following each investigation, when issues are found, Corporate Compliance makes recommendations and aligns with other departments as to remedial actions and once agreed upon, tracks them to closure. The remediation process supports the Group by eliminating any deficiencies that has been identified.

Internal Audit, Risk Management, Legal Structure and Reporting Structure

Internal Audit

Internal Audit Europe (IA) supports the Region Management in their managerial and supervisory duties. Internal Audit ensures that it adds value to the organization and contributes to its continuous business improvement, through the independent appraisal of the control over, and operation of, Europe-wide business activities. Internal Audit, based on audit results, aims to support the improvement of management efficiency and effectiveness of controls, operations, and the safeguarding of assets, by presenting advice and proposals to Senior / Executive Management. In that sense, the role of Internal Audit is a partner for identifying and solving process and control problems in the organization, to improve the effectiveness and efficiency of the region operating functions and corporate units.

Internal Audit conducts financial, functional, operational and project-related as well as IT audits of the Group's operating and corporate units, focusing primarily on strategic, conceptual, structural and operational issues. Internal Audit examines and evaluates whether the framework of risk management, internal control and governance processes is adequate and working effectively. All activities and entities of the Group are subject to independent appraisal by Internal Audit.

Risk Management

The overall risk appetite and management of the Group is aligned to the approach taken by Fujitsu Ltd, the ultimate parent of the Company (<https://www.fujitsu.com/global/about/ir/policy/risks/>). For Fujitsu Europe, risk appetite is described and governed through a risk escalation framework. This framework describes the risk appetite through definition of the reporting and seniority of management attention required under separate detailed criteria and levels of impact arising from risks in matters related to; a) Health, Safety, Welfare, b) Society and Environment, c) Legal and Regulatory, d) Reputation, e) Operations and f) Finance.

Examples of Business and Other Risks

The term 'risk' is defined as 'an uncertain event that, should it occur, would have an effect on the organization's objectives', and summarizes all those influences, factors and developments that could potentially prevent the Group from reaching its defined goals or implementing its business strategy.

- Risk from economic and geo-political instability.
- Risks in trends of competitors / industry (price competition, competition from other companies, and competition in technology development).
- Risks of changes in customers' IT investment trends and of being unable to maintain lasting ties with customers.
- Risks from cyber-attack.
- Risks from financial and economic market (economic trends in key markets, high-tech market volatility, exchange, interest rate fluctuations and credit related risks.)



- Risks from procurement, collaborations, alliances, and technology licensing.
- Risk of non-compliance with Laws and Regulations including taxation.
- Risks of deficiencies or flaws in products and services, information security, project management, investment decisions, intellectual property rights, human resources, and environmental pollution.
- Risks of natural disasters, including climate change induced events, pandemic, and unforeseen incidents.

The above list is by no means exhaustive, but it gives a general guide to the type of risks monitored and managed by Fujitsu.

Risk Policy and Implementation

Fujitsu has a single risk policy for the Europe region. All operating companies, including the operating subsidiaries of the FTS Group, use a uniform risk management framework that specifies reporting for the business areas and management functions. Responsibility for implementing the risk management guidelines is delegated to the heads of the business units. The guidelines are to be applied over the entire business cycle. Management oversees risk at critical points in the business cycle through a series of systematic controls and business assurance reviews.

The internal control and review systems are designed to detect, control, and identify the entrepreneurial and operational risks at an early stage to ensure the achievement of business objectives. Principles, policies, processes and responsibilities throughout decision and transaction management are defined and established to ensure accurate and timely accounting for, and review of, business transactions and proposals.

The Enterprise Risk Management Board (ERMB) for the Europe region manages the Group-wide implementation of the risk policy. The ERMB receives expert reports on compliance issues and business risks. The focus here is on the creation of policies and processes that enable efficient management of risks by the business areas. The ERMB implements the processes and policies. This includes the adoption of appropriate risk management and compliance policies and procedures to comply with applicable laws and regulations to protect employees, business, assets and the interests of its shareholders and other stakeholders from risk.

The Europe Risk Management Committee (RMC) oversees the ERMB at Executive level to ensure effective internal risk management control of the Company and its subsidiaries within the Fujitsu Europe Region.

Risk Framework and Process

The Europe Group Risk Process and Procedure (initiate, identify, analyze, plan, manage) follow industry practice, is aligned to ISO31000, and is used to support the evaluation, reporting and management of both strategic and operational risks to the business.

A central risk team is in place to maintain and continuously improve the processes, tools, and training across the Group.

Consistent criteria for assessing risk impact/risk appetite ensure that key risks are escalated to the appropriate level in the organization. The operational risks are regularly analyzed as part of the offer, project, service provision, account, and functional reviews. In addition, the Company enterprise risk management system provides quarterly risk reports to the regional leadership.

Risks related to information security, international trade and anti-bribery are addressed in the associated management systems, which are continuously monitored and improved, with changes subject to approval by the ERMB and where applicable, the RMC.

The Europe ERMB reviews risks on a quarterly basis to agree the set of risks that are reported to the Europe RMC. This ensures a high standard of risk management is maintained throughout the organization.

Principal Risks and Uncertainties Facing the Business

In the normal course of business, the company is exposed to a number of risks, essentially those that arise with the sale and provision of IT hardware, software, solutions, and the associated IT services. The management of these risks is an essential part of the business, which is characterized by intense competition, high-cost pressure and short innovation and product life cycles.

The company faces two predominant risks: a) macroeconomic environment and IT market, and b) foreign currency risks, particularly USD : EUR. These are discussed in the sections below.

In addition, the company is exposed to several risks and uncertainties as a result of its business activities and the implementation of its strategic goals. The IT industry continuously offers innovative products and forms of provision that are associated with new contractual conditions. There are numerous ways to use these innovations in the interest of customers and the company, but the introduction of new products and offers always involves risk.

As a provider of IT products and services to a wide range of customers, Fujitsu faces operational risks that affect product and service delivery, such as interruption of product supply and services, and risks to the security and integrity of data for which it is the custodian. In addition, there is a risk of failure of internal control and management systems through, for example, IT failure, human error, cyber-attack, or other types of security breach. There is also the risk of recruiting and retaining the relevant key skills.

As an international business, political and economic uncertainty raises risks arising from exchange rate fluctuation and its impact on cost of production and sales, temporary or permanent loss of markets, changes to market access, or reduced viability of some operating capability, and global supply chain impacts.

As an organization committed to being a responsible business, there are risks to consistent achievement of responsible behavior and reputation perhaps arising from failure to comply with the regulations, standards, and codes to which we have agreed, and are accredited.

Business opportunities for Fujitsu are realized through the development of relationships with its customers, innovation, and the consolidation of its reputation as a responsible, reliable and trusted supplier.



General Risk assessment

In considering the macro-economic environment and the IT market, the risk assessment is considered medium to high, with a risk of reduced growth and profitability in the IT market. The overall market environment is still volatile due to the war in Ukraine, the situation in Israel/Palestine, the resulting energy crises, high inflation, and potential supply chain disruptions, as well as the large number of elections being held over the coming year across a variety of countries. For years 2024 and 2025 a slight recovery in the demand for IT products and client computing devices is predicted (Fujitsu One Market Data); furthermore, the shift towards home office and different work styles has been reflected in different demand patterns in the last 3 years. A higher degree of commercial AI deployment is anticipated and coming to fruition, which will lead to productivity gains in some areas such as software development. Fujitsu is impacted by these trends and will continue to manage cost down through streamlining parts of the organization, increasing global collaboration, automation, improving the portfolio development process while retaining key talent and upskilling the workforce.

Specific Risks and Management Actions

Risks	Assessment	Actions and Commentary
Worldwide Supply Shortages - System Platform Business	Low	<p>The geopolitical situation (e.g. Ukraine war, Red Sea, conflicts in the Middle East and Taiwan) and ongoing inflation continue to contribute to the uncertainty of the markets. The past year was also characterized by having to deal with steadily decreasing demand.</p> <p>Transport routes from Asia to Europe are still limited by the political situation (Ukraine, Red Sea).</p> <p>For the next 12 months, we consider the risk of a dramatic shortage of materials for IT products and components on the global market to be low, but the consequences of the war in Ukraine, frequent natural disasters and political instability (US elections, Russia, China-Taiwan conflict, etc.) remain difficult to assess.</p>
The changing cyber threat landscape and attack methods	High	<p>By continuous monitoring of the changing cyber security threat landscape Fujitsu gains a deep insight around evolving cyber-attack tactics, techniques, and procedures (TTP). Incorporating this intelligence into the on-going security improvement programs, and associated security controls, is a key measure in the protection against such attacks.</p> <p>This analysis provides Fujitsu with the knowledge to improve its security program, associated security controls and key measures to detect, protect and respond against such attacks.</p> <p>However, due to the ongoing geopolitical changes and military conflicts in Europe, the likelihood of attacks in the sense of digital warfare, should be seen as an increasing risk. It can be assumed that escalating conflicts will challenge cyber defense activities in dimensions not seen in the past.</p> <p>A Europe Alert was established in January 2022 in response to the heightened threat and a risk report along with a remediation plan which included multi-stakeholders engaged representing both HQ-Japan, the Europe Region and Global Delivery has been completed.</p> <p>Ongoing enhanced monitoring & technical vulnerability management, and Cyber Threat Intelligence (Actor Profiling) - including regular reporting to the Alert and Regional Leadership remain in place.</p> <p>Withdrawing from the Russian market made it more difficult for 'threat actors' to access assets of Fujitsu (and Fujitsu's customers).</p>
The management of sensitive data on behalf of customers and supporting its own business needs.	Medium	<p>Fujitsu Europe's security program is based on the awareness and responsibility of each individual employee. The program is executed and implemented</p>

Risks	Assessment	Actions and Commentary
		through communication, mandated training, and appropriate reporting services. Additionally, as continuous improvement, technical security measures of IT systems and infrastructure are identified and implemented via change control.
		The monitoring, analysis and evaluation of cyber threats and new attack methods are also important elements in securing sensitive processes and data. GDPR and data privacy risks are actively managed as part of normal operations.
The development and maintenance of secure systems for customers	Medium	Security by design is key to all build activities with improved processes for ongoing maintenance and support. Fujitsu includes technical organizational measures as specified in its minimum security controls framework. Awareness and governance in these areas is reinforced through risk assessments and monitoring of the everchanging cyber threats and attack methods, evaluated against external change and major / material internal change, coupled with compliance reporting.
		A clearly defined and implemented incident review process additionally supports the root cause analysis and early detection of security vulnerabilities. Cyber breaches are included as topics within overall alerts and crisis management rehearsal programs.
Failure of Suppliers	Very Low	Higher inflation rates and increasing labor costs continue to pose a risk to our supply chain; Whilst we continue to monitor and manage the situation this risk cannot be fully mitigated.
		Fujitsu recognizes that future supply chain disruptions due to factors such as socio-economic change, commodity price fluctuations, cyber-attacks, labour disputes and natural disasters are inevitable; we therefore continue to incorporate robust business continuity planning into our sourcing strategies in order to mitigate these risks.
Financial Risk - Financing and liquidity management	Low to Medium	The Group operates a centralized Group Treasury function with responsibility for financing and liquidity management. This is managed within tightly controlled treasury policy, including daily clearing of local bank account balances into centrally controlled bank accounts to maximize cash utilization and reduce Group borrowings. Group policy is to finance operating subsidiaries through a mixture of equity, retained earnings, approved third-party borrowings and intercompany loans where necessary and approved by Group Treasury.
Financial Risk - Foreign exchange and transfers risk management	Low to Medium	Group Treasury operates as a Treasury service center and is governed by policies and plans agreed upon by the Board of Directors. In addition to policies, guidelines and foreign currency exposure limits, main areas of activity include a system of authority levels and reporting. Foreign exchange risk management policy includes hedging of residual foreign currency risk (i.e., net of currency inflows and outflows) using approved hedging instruments. These include currency forwards and currency options. These hedging transactions aim to limit currency risk associated with forecasted cash flows from



Risks	Assessment	Actions and Commentary
		<p>operating activities and intragroup financing in currencies other than the respective functional currency. Hedge contracts may have a term of up to eighteen months.</p> <p>As an international group, the Group is bound to comply with a constantly changing environment of regulations and restrictions. On a daily basis the Company is involved in international payments to various countries that may fall under different regulations, restrictions or watch lists when it comes to embargos, anti-money-laundering (AML) or terrorism financing suspicion. Also, the banks being involved in any of such transactions may appear on one of the official embargo lists. The Group maintains business processes that are compliant with this regulatory environment throughout the complete value chain. At the same time, the Group may evaluate legal alternatives to stay operative in case a Group country, partner bank or business partner suddenly falls under embargo (e.g., in case a country being excluded from the international SWIFT payment network, or local banks / vendors / customers being put on embargo lists).</p>
Financial Risk - Managing financial risks	Low to Medium	<p>The Group is exposed to a variety of financial risks derived from external factors, including interest rates, inflation, and credit risks, in addition to the effects of changes in foreign currency exchange rates. In the normal course of business, the Group also faces risks that are either non-financial or non-quantifiable, for example country risks.</p> <p>The Group's appetite for financial risk is low and it does not actively pursue risks which could have a significant adverse impact on the Group's financial position. However, the Group accepts risk in the normal course of its operations, in the pursuit of its business objectives. Financial risk exposures include liquidity, interest rate, foreign exchange, inflation and credit risk and financial risk management policies and practices are implemented to minimize these risks as set out in more detail in the Financial Statements.</p> <p>Other non-financial risks faced by the Group are identified, monitored, and managed through the Group's Enterprise Risk Management framework, designed to minimize operational risks and the risk exposure of its business and strategic goals which cannot be avoided.</p> <p>Counterparty credit exposures are minimized by restricting dealings to a limited number of financial institutions that have sound credit ratings. The creditworthiness (credit rating and credit default swaps) of counterparties is closely monitored by Group Treasury using an established maximum exposure level with each institution.</p>
		<p>To mitigate the interest risk, the Group has chosen to adopt a short-term risk-averse policy to interest rate risk management. The Group's interest rate exposure is identified regularly as well as the need to hedge against interest rate movements. Where interest rate risk is material within the current planning horizon, hedging instruments (interest rate swaps and FRA's) are permitted under hedging policy parameters. For the current reporting period there were no hedging instruments in place as the extent of the exposure was not considered to present a material risk.</p>



Risks	Assessment	Actions and Commentary
Compliance Breaches	Medium	<p>The management of the FTS Group considers integrity and ethical behaviors as essential for long-term business success. Therefore, the FTS Group has developed its ethics policy in a comprehensive corporate compliance program, which is based on the Global Fujitsu Compliance program. This program is managed by the Head of Compliance for Fujitsu Europe (including the FTS Group). Primarily, the program aims to prevent, detect, and investigate criminal behavior by employees and officers of the company. The company has a "zero tolerance" approach and investigates any suspicion of possible violations. Fujitsu maintains a reporting web portal and alert hotline (Fujitsu Alert) as well as a Compliance portal and mailbox, to enable employees to understand Fujitsu's compliance requirements and report suspected wrongdoing openly or anonymously. External parties may also contact Corporate Compliance through Fujitsu Alert.</p> <p>In addition to the Fujitsu Way, Global Business Standards and the implementation of Compliance Guidelines, the program emphasizes the importance of tone from the top and includes a risk-based approach to identify and mitigate risks, communication and training for employees and ethics commitments for employees and managers. A mandatory annual online training includes the Fujitsu Way, Global Business Standards as well as specific anti-bribery and anticorruption policies, anti-trust awareness, and export control. Third party suppliers are validated against due diligence criteria in the interests of best practice and company integrity. Sensitive transactions require compliance preapproval, including high-risk suppliers, sponsoring, charitable donations and political contributions; gifts and entertainment transactions are captured in a central IT register for review and approval. Corporate Compliance conducts review- and monitoring activities to validate the effectivity of the Compliance program, including a quarterly update of the risk assessment and associated containment actions. Lessons learned from Compliance investigations are used to improve existing processes.</p>
Environmental and climate change risk	High	<p>There are a number of ISO14001 recognized standards that include the identification and management of risks. In addition, a European level environmental committee has been established to ensure rigorous management review and formal monitoring. Specific controls are in place to address key risks through the environmental management system and wider operational controls.</p>
Risk of valid Patent infringement claims	Low	<p>The far-reaching changes in the European corporate structure and the additional, extensive reporting requirements imposed by European or national legislation require additional resources to process. Both requirements are time-critical and the legal requirements have an impact on earnings."</p> <p>From time to time, FTS companies face allegations of patent infringement in connection with the sales and distribution of IT products and services. In most cases, these allegations are made by so-called non-practicing entities, whose sole purpose is the monetization of patent rights, but which do not have any other business, and can therefore aggressively pursue their goals. Dealing with such allegations can lead to a considerable effort for FTS companies, especially if it results in legal proceedings against an FTS compa-</p>



Risks	Assessment	Actions and Commentary
		<p>ny. Due to the large number of patents in the IT industry and short innovation cycles, it is hardly possible to exclude the related risk entirely despite preventive measures taken.</p>
		<p>A recent case has been raised in Germany for alleged patent infringement. This case is pending.</p>
Macro economic environment and IT market	Medium	<p>The economy in the Eurozone is showing weak signs of stabilization. While a slight increase in GDP is a positive development, growth remains sluggish. Consumer spending is declining due to lower prices, and the German economy is facing headwinds. Despite signs of stabilization in manufacturing and exports, overall GDP is weak, and the threat of a recession remains significant. Consumer confidence is low, and domestic demand is likely to be dampened by inflation and rising interest rates. According to a forecast by the European Commission, the economy in the EU is expected to grow slightly more this year than previously anticipated. In its EU-wide forecast for 2024, the Commission expects growth of 1.0 percent. In April 2024, leading IT market analysts predict a 4 percent growth in the IT hardware-related market for 2024 compared to the previous year. Inflation is affecting both consumers through higher energy and food prices and businesses through higher material and labor costs. Developments in the Middle East and Ukraine continue to pose a risk to economic recovery. FTS Group is affected by these macro-economic trends, and there is significant pressure on the cost base due to inflation, higher salary expectations, higher payroll taxes, and increased energy costs. The market environment makes it difficult to pass these costs on to customers through price increases. FTS H BV continues to try to mitigate this pressure to maintain profitability through investments in offerings, automation, value-oriented pricing, and an improved value proposition for employees to recruit and retain key talent.</p>
Skills Shortage	Medium	<p>It is evident there is a skills and labor shortage affecting almost every sector of the European economies and the digital technology sector is no exception. Fujitsu is prioritizing action to support personal development and career progression for its employees, recognizing that if the talent recognizes Fujitsu as the place to fulfil their career ambitions, the Company can retain highly skilled, highly motivated teams. Additionally, Fujitsu is ensuring the external hiring processes draws from as broad and as diverse a pool as possible to give it the very best opportunity of attracting new talent with different perspectives and experiences that add value to Fujitsu and to its customers.</p> <p>Fujitsu is investing heavily in apprentices and young talent, providing economic and career opportunity to socio economic groups that may have felt excluded from these previously. Through Fujitsu's 'Work Your Way' program the Company is ensuring the systematic barriers of the traditional working day and fixed office locations that have closed off opportunity to under-represented groups in the tech sector - women, people from ethnic minority groups, people with disabilities - are not built back. Fujitsu believes this provides a sustainable way to attract the talent needed despite the high market demand.</p>



Risks	Assessment	Actions and Commentary
Inflation - External Costs & Revenues	Low	The high increases in the cost of living lead to higher wage demands and settlements from Fujitsu's suppliers, who demand corresponding price increases to cover the increased wage costs. This risk has decreased over 2023/2024 and now plays only a minor role as a price driver.
Inflation - Increase in energy costs	Medium	The response for 2024 is to secure lower prices through framework agreements and earlier procurement. However, this will not offset the expected overall market surge. Fujitsu has no direct influence on the pricing of energy costs in thirdparty data centers due to contractual obligations. Measures are being taken to replace existing electricity supply contracts with cheaper contracts/providers.
Inflation - Cost of Living and Employee Salaries	Medium	The Directors recognize the likely impacts of widespread inflationary pressures on employees' costs of living. The approaches taken to monitor and address employees' compensation continue to be at country and localized levels to meet the range of circumstances and to secure the economic future and capabilities of Fujitsu in Europe. The Company is committed to ensure fair salary compensation and levels to provide stability for recruitment and retention. Specific measures taken include key talent reviews so Fujitsu can take positive action to retain individuals who are critical to the Company's business, along with a country specific approach that ensures Fujitsu is able to adopt reward strategies that reflect the circumstances in each market.

Note. The impact of one or more of the above principal risks would depend on the reach, depth and duration of the events and the effectiveness of mitigating actions taken before, or at the time of, the risk materialization.

Overall Risk Assessment

The Directors have formed their view of the overall risks facing the Company by the Board through consideration of all identified significant risks balanced with opportunities. Management believes the risks presented are manageable but may be subject to further events or uncertainties arising from global economic and geo-political instability.

Except for the risks described and further events or uncertainties arising from global instability, the Directors do not expect any further significant impairment of the Company's performance from other risks. The Directors aim to continue to take advantage of the challenges and opportunities that arise in the future without having to incur unacceptably high risk.

Legal Structure

Fujitsu Limited holds 100 % of the shares in the company Fujitsu Technology Solutions (Holding) B.V. ("The Company") and has all voting rights and rights to participate in the distribution of profit.

The Company is an intermediate holding company within the Fujitsu Limited global group, with investments in largely wholly owned, trading subsidiary companies, primarily in Continental Europe, through which the Group conducts business in the European region. The ownership structure is set out in detail in Note 7 to the Financial Statements of the Company.

Organizational Structure

The Group is part of the Fujitsu global organization, with management responsibility for the business vested primarily at region level and executed through a country management organization, supported by an organizational matrix with the Global Delivery Group, Global Platform Business and Global Corporate Functions.

Through its matrix structure, the Group is in a position to meet the region-specific needs of its customers, while leveraging economies of scale through supply chain optimization across regional borders.

In previous year as of April 1, 2022 the service business of all sub-regions in Europe has been merged into one service region for simplifying the organization structure and making it more effective and more customer focused to enable Fujitsu to operate in a truly global way. In addition, in previous year, Product business in Europe has been moved out of the regions into the System Platform Business to foster integration and allow an increased customer focus. In the following countries FTS Group continues to offer its full portfolio of services, solutions and products: Austria, Belgium, France, Germany, Luxembourg, the Netherlands, Poland, Portugal, Spain and Switzerland. In all other countries in Europe, Fujitsu has moved to a channeled model.

For changes during FY 2023/2024 and upcoming year, we refer to the first part of this report.



Information Systems

Digital Systems Platform Unit (DSPU) has the responsibility to deliver high quality managed IT services to the Fujitsu Technology Solutions Group. This includes the management of IT infrastructures, cloud platforms and applications to support business operations and corporate functions, and the delivery of strategic transition and transformation programs to support the digitalization and growth of the business, as well as harmonization and standardization at a global level.

DSPU is committed to deliver IT services to the organization at lowest cost, leveraging our own products and services, whilst upholding the highest levels of service management, security and responsiveness of IT support, through an active Customer Experience Management (CXM), an insistent Continual Service Improvement (CSI) approach and all linked to the Key Focus Areas in Fujitsu Uvance and alongside the Fujitsu Way.

Corporate Management and Reporting Structure

The Board of Directors (“the Board”)

During the year under review the Board of Directors was responsible for the effective conduct of the business as a whole. It exercises this responsibility by setting the overall strategic direction of the Group, ensuring appropriate finance is available, agreeing on budgets and monitoring and controlling the performance of the Group’s executive management.

The Board of Directors is composed of two men and one woman until March 31, 2024. Fujitsu will continue to look for diversity in the event of future re-appointments by considering all relevant selection criteria including, but not limited to, gender balance, executive experience, experience in corporate governance and other relevant criteria. In this respect, it is important to note that Fujitsu pursues a number of management development programs.

The company is mindful of the Dutch Management and Supervision Act (Art. 2:166BW) requirement to make efforts towards achieving a quota of at least 30 % women on the Board. When vacancies (excluding reappointments) arise, the requirements of the Act will be one of the points of attention in choosing new members. For the year to 31 March 2024 this quota achieved was 33%. At the commencement of the 1 April 2024 financial year, the change of Board members reduces this quota at Board of Directors level, however a 35 % quota (nine out of the twenty six top management positions) of the Fujitsu Europe Leadership team is achieved.

Members of the board are paid a base salary in line with market practices in their country of employment. Variable pay is provided in the form of an annual bonus which is calculated in reference to a mix of company's financial metrics under their responsibility, KPIs linked to key company strategic goals, and observable behaviors. In addition, a limited number of the Board members participate in Fujitsu Corporate Long Term Incentive schemes, aimed at aligning Executive remuneration with shareholder interests. A competitive benefits package including healthcare and insurances is also provided as part of the overall company approach to benefits.

The total compensation for the Board of Directors amounts to € 0.8 million (2022/2023: € 0.8 m).

Membership of the Board of Directors

The members of the Board of Directors from April 1, 2023 to the date of this report were:

Lehner, Rupert	appointed as of Sept 7, 2018	Member of the Board (executive)
	resigned as of March 31, 2024	
		Executive Vice President of System Platform Business Group*
Shimazu, Megumi	appointed as of April 1, 2022	Member of the Board (non-executive)
	appointed as Chair as of April 1, 2022	
	resigned as of March 31, 2024	Senior Executive Vice President, Corporate Executive Officer and Head of Global Technology Solutions Business Group*
Patterson, Paul	appointed as of April 1, 2022	Member of the Board (executive)
		Executive Vice President, Co-Corporate Executive Officer Europe Region
Leutner, Christian	appointed as of April 1, 2024	Member of the Board (executive)
		Senior Vice President, Corporate Executive Officer and Head of European Platform Business
Saito, Mikihito	appointed as of April 1, 2024	Member of the Board (non-executive); Chairperson
		Executive Vice President, Co-Corporate Executive Officer Europe Region

* Role within Fujitsu Group



Report on the economic position of the Group

Financial Performance

A summary of the Group's financial results for the year and closing financial position is set out below. The past year was still impacted by some macroeconomic factors, e.g. inflation, rising energy costs and conflict in Ukraine. Product revenue/gross margin were materially impacted by pricing pressure in market and contracts. Loss-making services business in Germany lacked the capabilities and speed needed to be competitive in the current business environment. The Group's profit targets are highly dependent on achievement of growth strategy in services and solutions and development of its offerings portfolio and business mix to achieve profitable growth. The traditional business must transform in order to continue to win business, control operational costs and to generate returns to fund investment and to grow shareholder value.

Restructurings during the financial year 2023/2024 increased the operating loss by € 411.1 million, mainly resulting from the exit of the private cloud business in Germany with € 213.7 million, the exit from client computing business in Europe with € 86.6 million, restructurings on corporate functions and service delivery structure by € 86.0 million and impairments on tangible assets (right of use assets) by € 24.8 million.

Strategic portfolio change in European Platform business

The strategy of the European Platform business focusses on driving sustainable platform-related Data Center Technology Business and on-premises Infrastructure Services into the market, in strong collaboration with our Ecosystem, including Technology Alliances and Channel Sales Partners. Against this backdrop, it has become clear that the European Client Computing Devices (CCD) business is not aligned with Fujitsu's goals for growth and profitability. After careful evaluation, the group decided to exit from the CCD business in Europe.

Product Related Services commitments will be honored (warranty services, maintenance) and spare parts will be available for 5 years from last shipments, decided for the end of April 2024.

Inflation - Increase in energy costs

The Group's response has been to secure lower prices with framework agreements and advance purchases whenever possible. However, this cannot fully compensate the expected general market increase. Fujitsu has no direct influence on the energy cost pricing in third-party Data Centers due to contractual obligations. Actions are in place to replace existing power supply contracts by cheaper contracts/providers where possible. The energy consumption of the Group is limited to offices, the Group does not have any further intensive energy consumption.

Ukraine crisis

Following Fujitsu's internal and external communication on March 14, 2022, the Product business stopped all new deliveries to Russia. Fujitsu conforms to all national Import/Export and Financial Regulations in addition to any US Secondary controls (EAR/ITAR). The ramp down of our sales operations through our sales entities in Russia was completed at the end of December 2022, with most of our contracts with partners, customers and employees closed amicably to minimize the risk of legal disputes. The company is currently in the liquidation phase. Some legal disputes exist.

Profit and Loss

In 2023/2024, the Group reviewed the accounting treatment of certain third-party standard software resale transactions following the decision published by ESMA in October 2023 that illustrated the respective previous IFRS IC agenda decision and clarified a restrictive position on the assessment of principal versus agent under IFRS 15 for such transactions. The revenue was negatively impacted by € 249.6 million (cost of sales decreased accordingly) without impacting gross profit. Prior year revenue and cost of sales have been restated by € 223.6 million accordingly.

• Revenue

Revenue decreased year-on-year by 12.0% to € 2,487.8 million, from € 2,786.0 million, primarily due to decrease in Services business lines because of sold Fujitsu Services GmbH on 31 January 2024. It is the main reason of decrease in service revenue of 18.5% from € 1,158.2 million to € 944.8 million. The decrease was mainly related to: Work Life Shift, Expert and Consulting Services, DX - Digital Transformation Services. Revenue in Product business decreased year-on-year from € 1,485.4 million to € 1,364.5 million due to CCD exit.

• Gross profit

Gross profit was higher than previous year, increasing to € 458.3 million (2023: € 393.1 m), representing an increase in gross profit percentage from 14.1% of Revenue to 18.4% of Revenue. The decrease revenue was compensated by lower Cost of sales decrease by € 363.4 million from € 2,392.9 million to € 2,029.5 million. Gross margin improved mainly for Product business line due to CCD exit.

• Operating profit/(loss)

Operating result of this year was lower than previous year. In 2023/2024 the operating loss amounted to € 394.5 million (2023: operating loss € 94.4 m). Changes are mainly caused by loss on sale of investments related to the sale of Fujitsu Services GmbH, Germany (€ 213.7 m) and higher other operating expenses mainly due to impairment losses on tangible assets of € 25.7 million (mainly right of use asset impairment due to vacant space connected to headcount reduction caused by CCD exit). Increase of Selling Expenses is mainly caused by restructurings (increased year-to-year by € 126.6 m) and compensated by decreasing of those costs caused by sale of Fujitsu Services GmbH. General Admin Cost increased mainly due to higher Intra charges impact (increased year-to-year by € 33.3 m) and restructuring costs (increased year-to-year by € 18.9 m). Restructuring costs were related mainly to CCD exit and reduction of headcount.

• Net financing income/(expense)

Net financing income of € 9.0 million for the year increased by € 15.4 million from a net financing cost last year of € 6.4 million. These results include both realized and unrealized exchange gains and losses on foreign currency transactions and balances across the group, as well as interest income and expense on group deposits and borrowings. Foreign exchange gains and losses are the largest component of this result and subject to underlying movements in foreign exchange rates where foreign exchange exposures cannot be fully or effectively hedged.

Group borrowings and deposits are controlled centrally by Group Treasury in line with Group Treasury Policy.

• **Profit for the year before tax**

The Group realized a loss before tax of € 385.5 million (2023: loss before tax € 100.8 m) reflecting the operating loss achieved this year, and the effect of the net finance cost.

• **Tax expense**

The tax income for the year was € 8.2 million (2023: tax expense € 13.0 m), comprising a deferred tax income of € 12.4 million (2023: deferred tax expense € 10.7 m) and a current tax expense of € 4.2 million (2023: tax expense € 2.3 m). The Group's effective tax rate for the year was 2.1 % (2023: -12.9 %) and the applicable tax rate in the Netherlands was 25.8 % (2023: 25.8%). The changes in the effective tax rate mainly result from deferred tax income due to reversal of previous year impairment of deferred tax assets.

• **Result for the year**

The net loss for the year after tax of € 377.3 million is transferred to Group reserves (2023: net loss € 113.8 m).

Balance sheet

• **Shareholder's equity**

The consolidated balance sheet of the Group has a negative equity balance attributable to the shareholder, primarily due to the accumulation of retained losses in the Group. During the current year the consolidated net equity position decreased by € 400.8 million to a negative equity position of € 793.1 million, from a negative equity position of € 392.3 million as of March 31, 2023. Changes reflect mainly the net loss of the year of € 377.3 million and the remeasurement gain of € 27.5 million arising on the valuation of Group's net defined benefit pension liabilities, recognized directly in equity.

The following table presents the solvency ratio and liquidity ratio for the current and previous year:

	2024	2023
	%	%
Solvency ratio	(61,1)	(24,9)
Liquidity ratio	58,4	78,9

The increase of negative solvency ratio by 36.3% is due to decreased total capital mainly caused by decreased equity. The decrease of liquidity ratio by 20.5% is mainly caused by increased current provision.

Despite the negative equity position and negative working capital the Board have carefully considered the going concern assumption and have concluded that both the holding Company and the Group can continue to meet financial obligations as they fall due without any significant curtailment of business activities. The shareholder of the Company, Fujitsu Limited, has provided an internal letter of continuing financial support to the Company dated July 19, 2024. The support will be provided for a period of at least 18 months from the balance sheet date, or 12 months from the date of the auditor's opinion on the statutory accounts of the Company and its subsidiaries, whichever is later, and if required, the letter will be renewed for a further period as defined above. Based on the continuing financial support of the shareholder the Board believe that the going concern assumption of the Group is an appropriate basis for preparation of these financial statements.

• **Assets**

Overall, the Group's consolidated total assets decreased by € 280.8 million to € 1,297.2 million from € 1,578.0 million.

Total assets include non-current assets of € 464.3 million (2023: 540.4 m) represented mainly by Goodwill arising on business acquisitions of € 221.5 million, the carrying value of which is unchanged during the year after annual review for impairment. The carrying amount of investment in property, plant and equipment decreased during the year by € 69.9 million to € 128.7 million (2023: € 198.6 m). The decrease of investment in property, plant and equipment is mainly caused by regular depreciation amounting to € 60.3 million, disposals of € 40.6 million (€ 29.8m related to sale of Fujitsu Services GmbH to Aequita) and impairments mainly of right of use assets concerning office buildings of € 25.7 million due to vacant space connected to headcount reduction caused by CCD exit, partially offset by further capital investments in new property, plant and equipment during the year amounting to € 54.4 million. Furthermore, non-current assets include non-current financial assets of € 30.9 million (2023: € 35.6 m) representing mainly shares in equity and investment bonds of € 24.7 million (2023: € 28.3 m) which are relating to the Group's deferred employee compensation schemes, which are remeasured to market value as well as the non-current portion of finance lease receivables of € 0.2 million (2023: € 3.1 m). Other non-current assets of € 26.7 million (2023: € 35.2 m) are represented by the non-current portion of prepaid expenses.

The Group's total assets also include current assets of € 832.9 million (2023: € 1,026.7 m), which decreased by € 193.8 million during the year. The most significant current assets are Trade and other receivables measured at € 369.0 million (2023: € 425.7 m) and financial assets measured at € 260.8 million (2023: € 325.3 m). Financial assets decreased significantly during the year due to the decrease of cash pooling receivables due from Fujitsu companies amounting to € 62.5 million and a decrease of Trade and other receivables of €

56.7 million mainly related to sale of Fujitsu Services GmbH. Inventories of € 110.9 million (2023: € 167.7 m) decreased by € 56.8 million mainly due to a decrease of finished goods of € 20.4 million and by contract assets of € 35.5 million. The disposal of Fujitsu Services GmbH impacted inventories by € 16.0 million.

Other significant current assets are represented by prepaid expenses and other prepayments of € 66.2 million (2023: € 87.2 m) which decreased during the year by € 21.0 million (€ 13.5 m due to sale of Fujitsu Services GmbH). Cash and cash equivalents at the balance sheet date of € 23.3 million (2023: € 17.7 m) increased by € 5.6 million. Positive cash flow for the year in the amount of € 4.4 million was produced by positive net cash flow generated from operating activities of € 66.3 million (2023: negative cash flow € 130.7 m) and positive cash flow generated from financing activities € 115.6 million (2023: net cash generated from financing activities € 145.3 m), offset by negative net cash flow used for investing activities € 182.8 million (2023: net cash used for investing activities € 21.9 m).

• Liabilities

Total consolidated liabilities of the Group increased by € 120.0 million to € 2,090.3 million from € 1,970.3 million. This increase of the Group liabilities is mainly attributed to the increase of provisions by € 76.6 million to € 170.3 million (2023: € 93.7 m) mainly due to restructuring provisions which increase by € 66.0 million during the year to € 85.5 million. Total financial liabilities increased by € 76.5 million to € 446.7 million (2023: € 370.2 m), mainly due to the increase of cash pooling payables due to Fujitsu companies.

IT market in Europe

Macroeconomic environment

The European IT market is embedded in a dynamic and complex environment, shaped by a multitude of factors. The economic outlook stated by IMF projects the Eurozone's GDP to grow by 0.8% for Advanced European Countries in 2024¹.

Moderate economic growth is expected to drive IT spending, but inflation and energy costs can impact investment decisions. The IT sector faces a severe talent shortage, while EU funds and national programs support research and development in areas like AI and green technologies. Data protection regulations (GDPR), cybersecurity laws, and intellectual property rights create a complex legal landscape for IT companies. The EU's digital agenda promotes digital transformation, but strict data protection laws and upcoming regulations create challenges and opportunities for compliance and innovation. Geopolitical tensions can impact supply chains and economic stability, while governments prioritize cybersecurity, driving demand for security solutions.

European IT Market Outlook:

Against this backdrop, the European IT market is poised for continued growth, driven by several key factors:

Hardware (Servers & Storage): Moderate growth overall with higher growth in high-performance computing servers for AI and data-intensive workloads. EU policies promoting digital infrastructure development and the need for data sovereignty will drive demand for locally produced servers and storage solutions. However, high energy costs may lead to a focus on energy-efficient hardware, while the shift towards cloud computing and edge computing could impact traditional server and storage markets.

IT Services: Gartner² predicts strong growth (to 11% up from 9.1% in 2023) in 2024 in Western Europe. Especially Infrastructure-as-a-Service (IaaS) shows significant growth of 25.6% in 2024. This is fueled by Government initiatives to promote digital transformation and cybersecurity. In addition, businesses are increasingly outsourcing IT functions to manage costs and focus on core competencies. The growing complexity of IT systems in combination with the need for digital skill will require for business to rely strongly on IT services to keep up with new technologies and trends.

Application Services: Application Managed Services will grow in line with the overall IT Services Market in Europe at 9.2% in 2024 with strong demand for mobile application development, ERP applications, and cloud-based applications. Government regulations and policies in areas like healthcare, finance, and education will drive demand for specific application services tailored to those sectors. Businesses are increasingly looking for customized application services to meet specific business needs and gain a competitive edge. Compliance with data protection and security regulations is crucial for application services providers.

Cloud: Expert Market Research states: "The Europe cloud computing market is being driven by the rising adoption of SaaS segment and increasing consumer demand. The market is expected to grow at a CAGR of 9% in the forecast period of 2023-2028". Key drivers remain cost savings, scalability, and agility while data protection regulations and cybersecurity concerns are key considerations for cloud service providers. Sustainability is becoming a major focus for cloud providers, with initiatives to reduce energy consumption and carbon footprint.

¹ IMF's Regional Economic Outlook for Europe: Turning the Recovery into Enduring Growth, TUESDAY, MAY 14, 2024 | 8:30 AM ET)

² Gartner Group: IT Services Forecast Q1_24

IDC concludes³ (4): "Current spending reflects the market continued integration of more intensive workloads such as A.I. The slightly improved macroeconomic environment has shown a positive effect on the market as we are seeing a slight rejuvenation of enterprise spending."

Executive Board Summary of Strategy and Outlook for the Group

• Financial outlook

The financial objectives of the Group for the coming year remain aligned to its medium-term business strategy to focus on the achievement of profitable business growth. The Group will continue to focus on execution of its strategic transformation plans, implementing its core strategy of accelerating globalization in the IT sector, strengthening existing profitable businesses and developing new service businesses. Furthermore, we support our customers in their digitization efforts both through consulting and in concrete implementation. Financial objectives remain focused on driving improved profitability, including completion of restructuring programs to achieve benefit realization.



A focus of the portfolio continues to be the global Fujitsu Uvance portfolio, including future-oriented digital transformation services, including innovative digital solutions and advanced technologies such as highperformance computing, artificial intelligence, data and security. To allow Fujitsu to continue focusing on services growth, to further expand the Fujitsu Uvance business and to combine efforts for the product business which operate more independently.

At the Fujitsu Limited Board meeting held on 28 March 2024, it was concluded to make business and legal responsibilities clearer and improve efficiency by separating the legal entities of Europe into Service and Product business. For this purpose, it is intended to establish new companies in Europe for Product business to transfer the Product business from existing Europe entities. Further, it is intended to integrate Services business entities under one single Holding Company.

• **Financing and investment**

The Board will continue to rely on the shareholder, Fujitsu Limited, to provide short and medium-term financing facilities and financial support to the Group throughout this further period of transformation and to achieve its strategic objectives. Fujitsu Limited provides corporate borrowing facilities to group companies, managed centrally by the Group's Corporate Treasury function, and parental support which underpins the going concern assumption of the Group and its subsidiaries. The Group plans its funding requirements biannually to meet its operating and investing requirements and agrees its corporate borrowing facility with Fujitsu Limited. This enables the Group to plan and adequately fund its business requirements on a timely basis in order to deliver on its business plans and execution of the strategic transformation programs outlined in the first part of this report.

In terms of research and development investment, much of the group's product-related IP had been transferred to Fujitsu Limited in Japan or to the joint venture company, Fujitsu Client Computing Limited, which is responsible for the manufacture and supply of Fujitsu Client Computing Devices. As a result, direct R&D investment by the Group is reduced, but expertise is utilized to provide R&D services to other Fujitsu group companies and partners where IP ownership has been centralized. The Group will continue to drive development and modernization its BS2000 offerings and consider further investment in applications and solutions which align with the Group's digital business strategy.

• **People**

Fujitsu Limited is a Japanese company but through its business strategies, it seeks to shape society with its solutions in the VUCA world (Volatility, Uncertainty, Complexity, Ambiguity). Despite the recent transformation announcements including significant structural measures across the Group, Fujitsu Limited promotes respect and trust in our daily engagements with employees and customers. The organizational design is underpinned by utilization of shared services centers and strong and increased collaboration across the wider Fujitsu Group organization. This is an essential component in ensuring delivery of the Group's business and financial objectives. The Group actively seeks to drive the development, deployment and recruitment of talent and skills to support future business growth and to create the business value that is the key to its success and a key aspect of the Group's Talent management strategy.

³ IDC Quarterly Server Forecast Assumptions 2024Q1

• **Subsequent events**

Subsequent to above mentioned Board decision (financial outlook), some internal reorganization transactions have been concluded during the subsequent events period. As these transactions are concluded within FTS Group, they do not have any impact on the consolidated financial statements.

Approved by the Board of Directors

January 27th, 2025

Paul Patterson

Christian Leutner

Mikihito Saito

Consolidated Financial Statements of the Group

Consolidated statement of profit and loss for the year ended March 31, 2024

	Notes	March 31, 2024		March 31, 2023*	
		€ m	€ m	€ m	€ m
Revenue	4		2.487,8		2.786,0
Cost of sales	5		(2.029,5)		(2.392,9)

	Notes	March 31, 2024		March 31, 2023 [*]	
		€ m	€ m	€ m	€ m
Gross profit			458,3		393,1
Selling expenses	6	(437,9)		(371,5)	
Research and development expenses	7	(18,5)		(27,3)	
General and administrative expenses	8	(234,6)		(161,5)	
Other operating income		78,8		73,6	
Loss on Sale of investments		(213,7)		-	
Other operating expenses		(26,9)		(0,8)	
Other operating income and other operating expenses	9	(161,8)		72,8	
Total operating expenses			(852,8)		(487,5)
Operating result			(394,5)		(94,4)
Finance income			89,8		121,9
Finance costs			(80,8)		(128,3)
Net finance (costs)/income	10		9,0		(6,4)
Net profit before taxation			(385,5)		(100,8)
Income taxes	15.1		8,2		(13,0)
Net profit/(loss) for the year			(377,3)		(113,8)
Attributable to:					
Shareholders of the Company			(377,3)		(113,8)
Non-controlling interests			-		-
Net profit/(loss) for the year			(377,3)		(113,8)

* restatement, with reference to 1.d) Restatement of revenue for the 12 months ended March 31, 2023

Consolidated statement of other comprehensive income for the year ended March 31, 2024

	Notes	March, 31 2024		March, 31 2023	
		€ m	€ m	€ m	€ m
Profit for the year			(377,3)		(113,8)
Positions which will not be reclassified subsequently to profit or loss			(28,9)		122,3
Actuarial gains or (losses) from defined benefit plans	23	(27,5)		129,8	

	Notes	March, 31 2024		March, 31 2023	
		€ m		€ m	
Deferred tax on actuarial gains and losses		(1,4)		(7,5)	
Positions which can be reclassified subsequently to profit or loss			0,7		1,7
Currency translation effects recognized directly in equity	22	0,7		1,7	
Other comprehensive (loss)/ income			(28,2)		124,0
Total comprehensive income for the period			(405,5)		10,2
Attributable to:					
Shareholders of the Company			(405,5)		10,2
Non-controlling interests			-		-
			(405,5)		10,2

Consolidated statement of financial position for the year ended March 31, 2024

	Notes	March 31, 2024		March 31, 2023	
		€ m	€ m	€ m	€ m
Non-current assets					
Intangible assets	12	226,8		232,7	
Property, plant and equipment	13	128,7		198,6	
Investment in joint ventures		-		2,2	
Non-current financial assets	14	30,9		35,6	
Deferred taxes	15.3	47,0		32,9	
Non-current other receivables	17	4,2		3,2	
Other non-current assets	18	26,7		35,2	
Total Non-current assets			464,3		540,4
Current assets					
Inventories	16	110,9		167,7	
Trade and other receivables	17	369,0		425,7	
Current tax assets	15.2	2,7		3,1	
Other current assets	18	66,2		87,2	
Current financial assets	19	260,8		325,3	
Cash and cash equivalents	20	23,3		17,7	

	Notes	March 31, 2024		March 31, 2023	
		€ m	€ m	€ m	€ m
Total Current assets			832,9		1.026,7
Assets of disposal group classified as held for sale	21		-		10,9
Total assets			1.297,2		1.578,0
Group equity					
Share capital		272,8		272,8	
Share premium		123,8		124,3	
Other components of equity		(1.189,7)		(789,4)	
Equity attributable to shareholders			(793,1)		(392,3)
Non-controlling interests			-		-
Total Group equity	22		(793,1)		(392,3)
Non-current liabilities					
Employee benefits	23	549,6		544,1	
Non-current other payables	24	17,1		11,8	
Non-current deferred income	25	96,4		110,7	
Non-current financial liabilities	28	94,9		99,4	
Non-current provisions	27	36,3		33,5	
Deferred taxes	15.3	4,3		1,5	
Total Non-current liabilities			798,6		801,0
Current liabilities					
Current financial liabilities	28	351,8		270,8	
Trade and other payables	24	619,8		625,5	
Current deferred income	25	161,0		175,5	
Other current liabilities	26	12,8		20,0	
Current provisions	27	134,0		60,2	
Current tax liabilities	15.2	12,3		17,3	
Total Current liabilities			1.291,7		1.169,3
Liabilities of disposal group classified as held for sale	21		-		-
Total Group equity and liabilities			1.297,2		1.578,0

Consolidated statement of cash flows of the Group for the year ended March 31, 2024



	Notes	March 31, 2024		March 31, 2023	
		€ m	€ m	€ m	€ m
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit / (loss) before taxation			(385,5)		(100,8)
Adjustments for:					
Depreciation and amortization of tangible assets, intangible assets and investment property	12,13		65,7		68,4
Impairment losses/(reversal of impairment) on tangible assets	13		25,7		-
Gain on disposal / retirement of assets	9		(2,9)		(0,9)
Net financing costs	10		(1,0)		0,5
Loss on disposal of Fujitsu Services GmbH	1		213,7		
Operating result before working capital changes			(84,3)		(32,8)
Change in trade and other receivables	17	79,3		(24,4)	
Change in inventories	16	40,8		4,1	
Change in prepayments	18	14,1		29,0	
Change in payables	24	(77,4)		(67,7)	
Change in provisions	27	92,4		(5,9)	
Change in employee benefits	23	7,1		(24,1)	
Exchange adjustment in working capital		(4,7)		12,3	
Net increase (decrease) in working capital			151,6		(76,7)
Cash generated from operating activities			67,3		(109,5)
Interest and other financing charges paid	10	(13,4)		(7,1)	
Income taxes paid	15	12,4		(14,1)	
Net cash generated from / (used for) operating activities			66,3		(130,7)
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of tangible and intangible assets	12,13	(15,0)		(30,6)	
Proceeds from sale of tangible and intangible assets	12,13	13,7		2,4	
Disposal of businesses, net cash disposed	1	(196,1)		-	
Interest received	10	14,6		6,3	

	Notes	March 31, 2024		March 31, 2023	
		€ m	€ m	€ m	€ m
Net cash used for investing activities			(182,8)		(21,9)
CASH FLOW FROM FINANCING ACTIVITIES					
Payment of principal portion of lease liabilities	28	(34,5)		(36,2)	
Change in borrowings	19,28	150,1		181,5	
Net cash generated from financing activities			115,6		145,3
Net decrease in cash and cash equivalents			(0,9)		(7,3)
Effect of exchange rate fluctuations on cash held			5,3		(10,8)
Net cash and cash equivalents at the beginning of the year			17,6		35,7
Cash and cash equivalents	20		23,3		17,7
Bank loans and overdrafts	28		(1,3)		(0,1)
Net cash and cash equivalents at the end of the year			22,0		17,6

Consolidated statement of changes in equity for the year ended March 31, 2024

	Notes	Share capital	Share premium reserve
		€ m	€ m
2023			
Balance as of April 1, 2022		272,8	123,8
Net profit / (loss) for the year		-	-
Other comprehensive income / (loss):			
Currency translation effects recognized directly in equity	22	-	-
Actuarial gains or (losses) from defined benefit plans	23	-	-
Deferred tax on actuarial gains and losses		-	-
Total other comprehensive income/ (loss)		-	-
Total comprehensive income/ (loss) for the period		-	-
Other changes:			
Changes in Group	1	-	-
Appropriation of result of last year	22	-	-



	Notes	Share capital € m	Share premium reserve € m
Other changes in equity		-	0,5
Total other changes		-	0,5
Balance as of March 31, 2023		272,8	124,3

	Currency translation reserve € m	Retained earnings € m	Unappropriated result € m	Total Group Equity € m
2023				
Balance as of April 1, 2022	(2,5)	(834,1)	37,1	(402,9)
Net profit / (loss) for the year	-	-	(113,8)	(113,8)
Other comprehensive income / (loss):				
Currency translation effects recognized directly in equity	1,7	-	-	1,7
Actuarial gains or (losses) from defined benefit plans	-	129,8	-	129,8
Deferred tax on actuarial gains and losses	-	(7,5)	-	(7,5)
Total other comprehensive income/ (loss)	1,7	122,3	-	124,0
Total comprehensive income/ (loss) for the period	1,7	122,3	(113,8)	10,2
Other changes:				
Changes in Group	-	(0,1)	-	(0,1)
Appropriation of result of last year	-	37,1	(37,1)	-
Other changes in equity	-	-	-	0,5
Total other changes	-	37,0	(37,1)	0,4
Balance as of March 31, 2023	(0,8)	(674,8)	(113,8)	(392,3)

	Notes	Share capital € m	Share premium reserve € m	Currency translation reserve € m	Retained earnings € m	Unappropriated result € m	Total Group Equity € m
2024							
Balance as of April 1, 2023		272,8	124,3	(0,8)	(674,8)	(113,8)	(392,3)
Net profit / (loss) for the year		-	-	-	-	(377,3)	(377,3)
Other comprehensive income / (loss):							



	Notes	Share capital € m	Share premium reserve € m	Currency translation re- serve € m	Retained earnings € m	Unappropriated result € m	Total Group Equity € m
Currency translation effects recognized directly in equity	22		-	0,7	-	-	0,7
Actuarial gains or (losses) from defined benefit plans	23		-	-	(27,5)	-	(27,5)
Deferred tax on actuarial gains and losses			-	-	(1,4)	-	(1,4)
Total other comprehensive income/ (loss)			-	0,7	(28,9)	-	(28,2)
Total comprehensive income/ (loss) for the period			-	0,7	(28,9)	(377,3)	(405,5)
Other changes:					-		-
Changes in Group	1	-	-	-	5,2	-	5,2
Appropriation of result of last year	22	-	-	-	(113,8)	113,8	-
Other changes in equity		-	(0,5)	-	-	-	(0,5)
Total other changes			(0,5)	-	(108,6)	113,8	4,7
Balance as of March 31, 2024		272,8	123,8	(0,1)	(812,3)	(377,3)	(793,1)

Notes to the consolidated financial statements

Fujitsu Technology Solutions (Holding) B.V. (the “Company”) is a company domiciled in the Netherlands. The consolidated financial statements of the Group for the year ended March 31, 2024 comprise the Company and its subsidiaries (together referred to as the “Group” or “FTS”) and the Group’s interest in associates and jointly controlled entities.

The Company’s address is Rhijnzathe 6, 3454 PV De Meern, The Netherlands. The statutory seat is in Amsterdam, the Netherlands.

The Group is primarily involved in the delivery of IT products and services, offering a full portfolio of IT products, solutions and services. It is one of the leading European IT infrastructure providers with a presence in the following countries Austria, Belgium, France, Germany, Luxembourg, the Netherlands, Poland, Portugal, Spain and Switzerland.

The ultimate shareholder of Fujitsu Technology Solutions (Holding) B.V. is Fujitsu Limited, Kanagawa which also prepared financials for the largest Group.

1. Basis of preparation and Composition of the Group

a) Basis of preparation

Both the Company’s separate financial statements and the Group’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the European Union (adopted IFRS).

In accordance with IAS 1 “Presentation of Financial Statements”, the consolidated statement of financial position is presented in a classified format with reference to the nature and function of the assets and liabilities of the Group. Comparative amounts are also presented for each item for the previous period. The presentation also reflects the liquidity of assets and maturity of liabilities. Assets which are expected to be sold, consumed or realized within a period of 12 months, or are highly liquid assets in the form of cash and cash equivalents are classified as current. All other assets, including those which are long-term in nature or financial assets with maturity dates of more than one year, are classified as non-current. Liabilities which are expected to be settled within a period of 12 months from the end of the reporting period are classified as current liabilities, and all other liabilities classified as non-current.

The consolidated Statement of profit and loss is presented using the function of expense method and includes comparative amounts for the previous reporting period. Under this format, consolidated revenue is presented with expenses classified by function into cost of sales, selling expenses, research and development costs and general administrative expenses.

The consolidated financial statements are prepared on the historical cost basis except for the following items which are measured on the alternative measurement bases set out below on each reporting date:

Items	Measurement basis
Derivative financial instruments	Fair Value
Non-derivative financial instruments at fair value through profit and loss	Fair Value
Debt and equity securities at fair value through other comprehensive income	Fair Value
Net defined benefit (asset) liability	Fair value of plan assets less the present value of the defined benefit obligation

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The cash flow statement shows how the cash and cash equivalents of the Group have changed during the course of the year as a result of cash inflows and cash outflows. In accordance with IAS 7 "Cash Flow Statements", cash flows are classified into cash flows from operating, investing and financing activities.

Cash and cash equivalents included in the cash flow statement comprise cash in hand, cheques and cash at bank, to the extent that they are available within three months and are subject to an insignificant risk of change in value. The cash flows from investing and financing activities are based on actual payments and receipts. By contrast, the cash flow from operating activities is derived indirectly from the net profit/loss for the year. Under this method changes in assets and liabilities relating to operating activities are adjusted for currency translation effects and changes in the composition of the Group. Interest paid, income taxes paid and refunded, as well as dividends received are classified as operating cash flows, whereas interest received is classified as cash flow from investing activities and dividends paid are classified as a financing cash flow. Consideration paid and received in connection with the acquisition and disposal of affiliated companies and subsidiaries are reported under investing activities, net of the cash and cash equivalents acquired or divested as part of the transaction. This also applies to valuation changes due to exchange rate fluctuations, the impact of which on cash and cash equivalents is disclosed separately. Cash flows from operating activities also include cash inflows and outflows from operating leases, as well as cash flows from customer financing transactions, including finance leases receivables and back-to-back structured finance leasing arrangements. Cash flows from financing activities comprise also effects of cash pooling. Fujitsu Technology Solutions Holding B.V. serves as Cash Pool Leader for the Cash Pool Participants which are Fujitsu Technology Solutions Holding B.V. and Fujitsu Services Holdings plc as well as their Group Companies ("Fujitsu Europe"). The cash pooling balances of Fujitsu Services Holdings plc and its subsidiaries represent participation of companies that are not consolidated from the point of view of Fujitsu Technology Solutions Holding B.V. Thus, the changes in these participating accounts are therefore treated as financing activities and are presented as a net cashflow.

The Group's functional currency is Euro. All amounts are disclosed in millions of Euros (€ million), unless stated otherwise.

The financial statements were authorized for issue by the Board of Directors on January 27th, 2025.

b) Composition of the Group

All subsidiaries are included in the consolidated financial statements. Subsidiaries are companies that are directly or indirectly controlled by the Group and are fully consolidated.

The composition of the Group changed as follows in the financial year:

Scope of consolidation	Domestic	Foreign	Total
Consolidated companies as of March 31, 2022	2	24	26
Additions/Mergers	-	-	-
Disposals/Liquidations	-	(1)	(1)
Consolidated companies as of March 31, 2023	2	23	25
Additions/Mergers	1	-	
Disposals/Liquidations	(1)	(2)	
Consolidated companies as of March 31, 2024	2	21	25

In 2023/2024 Fujitsu Technology Solutions S.R.L., Romania and Fujitsu Technology Solutions s.r.o., Czech Republic have been liquidated.

With notarized purchase agreement dated November 10, 2023 Fujitsu Services GmbH, Germany was sold and on January 31, 2024 it was deconsolidated. From the sale of Fujitsu Services GmbH a loss of € 213.7 million has been recognized (Note 9). Even if the net asset value amounted to € 213.7 million, the consideration received was only € 1 as the disposed business was significantly loss-making.



		Fujitsu Services GmbH
2024		€ m
Shares hold by the Group		100%
Total gain / (loss) from disposal		(213,7)
Total consideration received		-
therof consisting of cash and cash equivalents		-
Total cash and cash equivalents over which control is lost		196,1
Total assets less cash and cash equivalents		222,8
Total liabilities less equity		98,1

In previous year, Fujitsu Consulting India Private Ltd. paid € 5.257k into the equity of Fujitsu India Private Ltd. and has received in return 67,14% of the total shares of the company. This led to a change in consolidation method of Fujitsu India Private Ltd. from full consolidation to at equity consolidation. The change of consolidation method led to a disposal of assets with € 7.874k, to a reduction of liabilities with € 7.801k and a reduction of group equity with € 73k. € 26k has been recognized through profit and loss.

The remaining investment held at Fujitsu India Private Ltd. with 32,86% amounts to a fair value of € 26k which is shown in consolidated statement of financial position as investment in joint ventures and is accounted at equity. The sale of the remaining shares of Fujitsu India Private Ltd. held by FTS Holding BV., has been concluded on July 19, 2023. The consideration equals to the fair value of shares held, which has been received in July 2023.

		Fujitsu India Private Ltd.
2023		€ m
Shares hold by the Group		100%
Total gain / (loss) from disposal		-
Total consideration received		-
therof consisting of cash and cash equivalents		-
Total cash and cash equivalents over which control is lost		7,1
Total assets less cash and cash equivalents		0,8
Total liabilities less equity		7,8

Several group companies have adopted an accounting period which runs for the year from 1 January to 31 December, in line with local legal requirements but different to the Group's annual accounting period ending on 31 March. These companies are Fujitsu Technology Solutions OOO, Russia, Fujitsu Technology Solutions S.a.r.l., Algeria and Societat Catalana per a la Mobilitat S.A., Spain.

The Group's principal subsidiaries are presented in the following table:

Name and registered office	FTS share	Net revenue	Net revenue
	%	€ m	€ m
	March, 31 2024	2024	2023
Fujitsu Technology Solutions GmbH, Munich, Germany	100	1.303,0	1.370,1
Fujitsu Technology Solutions S.A., Madrid, Spain	100	303,6	309,3
Fujitsu Technology Solutions SA, Brussels, Belgium	100	170,9	182,1
Fujitsu Technology Solutions B.V., Maarssen, Netherlands	100	152,4	163,5
Fujitsu Technology Solutions SAS, Asnieres-sur-seine, France	100	116,6	142,6



Name and registered office	FTS share	Net revenue	Net revenue
	%	€ m	€ m
	March, 31 2024	2024	2023
Fujitsu Technology Solutions Sp z.o.o., Poland	100	107,8	101,2
Fujitsu Technology Solutions AG, Regensdorf, Switzerland	100	68,5	72,4
Fujitsu Technology Solutions Lda., Portugal	100	64,9	70,9
Fujitsu Technology Solutions (Luxembourg) S.A., Luxembourg	100	41,7	59,2
Fujitsu Germany GmbH, Munich, Germany	100	37,4	-

The full content of consolidated subsidiaries within FTS Group is presented on page 121.

c) Going concern

Despite the negative equity position and negative working capital the Board have carefully considered the going concern assumption and have concluded that both the holding Company and the Group can continue to meet financial obligations as they fall due without any significant curtailment of business activities. Despite expected improvements in results after the sale of the German service business and various restructuring programs a key factor for management to conclude that the holding company and its consolidated investments can continue as going concern relates to the letter of support in place that is commented on hereafter. The shareholder of the Company, Fujitsu Limited has provided an internal letter of continuing financial support to the Company dated July 19, 2024. The support will be provided for a period of at least 18 months from the balance sheet date, or 12 months from the date of the auditor's opinion on the statutory accounts of the Company and its subsidiaries, whichever is later, and if required, the letter will be renewed for a further period as defined above. Based on the continuing financial support of the shareholder the Board are of the opinion that the going concern assumption of the Group is an appropriate basis for preparation of these financial statements.

d) Restatement of revenue for the 12 months ended March 31, 2023

In 2023/2024 the Group reviewed the accounting treatment of certain third-party standard software resale transactions following the decision published by ESMA in October 2023 that illustrated the respective previous IFRS IC agenda decision (Principal versus Agent: Software reseller (IFRS 15 Revenue from contracts with customers)) and clarified a restrictive position on the assessment of principal versus agent under IFRS for such transactions. Based on the IFRS IC clarifying how to analyze those contracts and which criteria to use within the analysis and the ESMA decision, FTS Group re-evaluated its assessment whether it is acting as principal or agent when selling standard software licenses without customizing. As of March 31, 2024 for the 12 months period indicated, the revenue was negatively impacted by € 249.6 million, cost of sales decreased accordingly without impacting gross profit. Prior year revenue and cost of sales have been restated by € 223.6 million accordingly.

In accordance with IAS 8, the Group restated 2022/2023 comparative figures as follows:

(in € million)	12 months ended March, 31 2023 as published	Restatement	12 months ended March, 31 2023 restated
Revenue	3.009,6	(223,6)	2.786,0
Cost of sales	2.616,5	(223,6)	2.392,9
Gross profit	393,1	-	393,1

2. Use of judgments and estimates

The preparation of financial statements in conformity with EU-adopted IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other applicable factors, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates and any revisions to estimates are recognized prospectively.

a) Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following accounting policy statements:

- Revenue recognition: whether revenue should be recognized over time or at a point in time and when performance obligations are satisfied;
- Principal versus agent: whether the Group acts as principal or agent when it resells software purchased from third parties;

- Leasing: whether an arrangement contains a lease, lease classification and lease term.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as at March 31, 2024 that could also result in a material adjustment to the carrying amount of assets and liabilities in the next financial year is also addressed regarding:

- Impairment of financial assets: Measurement of allowances for trade receivables and contract assets; key assumptions about recoverability and estimate of expected credit losses;
- Impairment of non-financial assets: including goodwill; key assumptions underlying recoverable amounts, including recoverability of development costs;
- Measurement of defined benefit obligations: key actuarial assumptions;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Revenue recognition: variable consideration, allocation of transaction price to performance obligation in case of contracts with bundled goods and services;
- Recognition of deferred tax assets: availability of future taxable profit against which tax deductible temporary differences and tax losses carried-forward can be utilized;
- Estimating the incremental borrowing rate: when the Group cannot readily determine the interest implicit in the lease, it uses its incremental borrowing rate to measure lease liabilities.

A description of some of the principal assumptions and estimation uncertainties relevant to the Group are discussed in more detail below for key items assessed by management in preparation of these financial statements:

Impairment of financial assets - trade receivables

The Group is required to assess the recoverability of its financial assets, including trade receivables. This includes regular monitoring of credit exposures and specific reviews to identify customers in financial distress and factors likely to give rise to a credit loss. General allowance for expected credit losses is made based on the company's experience and history of customer credit default adjusted for forward-looking information and is reviewed regularly throughout the reporting period. Assessment of whether a specific receivable, or portfolio of receivables, is collectible is inherently judgmental and requires the use of assumptions and estimates. Judgment is required in evaluating available information about general and specific credit exposures and assessing the probability that a credit loss will occur. Estimates based on current, specific factors and information are more reliable than historic trends and experience which may not be as reliable indicators of future developments. The Group has adopted an approach to customer credit risk management to mitigate the extent to which it is exposed to impairment losses which could arise through credit default.

Impairment testing of non-financial assets

An entity is required to ensure that its assets are not impaired and carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount expected to be recovered through use or sale. Assets which do not generate independent cash flows are required to be grouped together for the purposes of impairment testing into cash generating units (CGUs), along with goodwill and other corporate assets which also contribute to the cash flows of the entity's CGUs. In determining the recoverable amount of a CGU, estimates and assumptions must be made with regard to estimated future cash flows and possible variations in the timing and amount of those future cash flows. Management regularly review and update such estimates and forecasting assumptions which take into account, in particular, expectations of future profitability of its product and services portfolio and reliability of the future forecast period, future market share development, macro-economic developments (such as currency, interest rate and raw material costs), the legal and regulatory environment and past experience.

Deferred taxes

The calculation of deferred tax assets requires assumptions to be made with regard to the level of future taxable income and the timing of recovery of deferred tax assets. These assumptions take account of forecast operating results and the impact on earnings of the reversal of taxable temporary differences. Since future business developments cannot be predicted with certainty and to some extent cannot be influenced by the Group, the measurement of deferred tax assets is subject to uncertainty.

Defined benefit obligations

The measurement of defined benefit obligations is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rates, salary trends, pension trends after retirement and demographic trends and assumptions including estimated life expectancy of scheme members. As in previous year, discount rates are determined on a consistent basis with reference to market yields at the end of the reporting period on AA-rated corporate bonds. The salary level trend refers to the expected rate of salary increase for active scheme members, and their future benefit entitlement, which is estimated annually depending on expected salary inflation. Other key assumptions in the measurement of future benefit obligations include estimated changes in the amount of future pension payments to members.

Provisions

Significant estimates are involved in the recognition and measurement of provisions which represent liabilities of uncertain timing and amount, in particular in relation to onerous contract provisions, the cost of meeting warranty obligations and restructuring provisions. Onerous contracts are contracts where the unavoidable cost of meeting the contractual obligations exceeds the economic benefits expected to be received. Potentially onerous service contracts require careful monitoring of the progress of contract delivery, including actual and expected performance against contractual commitments and service levels, and regularly updated estimates of contract costs and timescales. Similarly, the expected cost of meeting the Group's warranty obligations requires careful and regular monitoring to prepare reliable forecasts of warranty claims and estimated costs. Other liabilities of the Group which are exposed to similar uncertainties, such as legal claims, are monitored regularly by management and estimates regarding cost of settlement are made based on the most reliable information available at the reporting date.



The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated Financial Statements. Accounting policies have been applied consistently by Group entities.

3. Significant accounting policies

a) Basis of consolidation

The consolidated Statement of profit and loss and Statement of Financial Position include the Financial Statements of the Company and its subsidiary undertakings, made up to March 31, 2024 (Group's share of the net assets and results of associates and jointly controlled entities also included in the comparative period).

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has rights to variable returns and the ability to affect those returns through power over an investee. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other Group companies, are considered when assessing whether an entity is controlled.

Income and expenses of a subsidiary are included in the consolidated financial statements from the acquisition date. Income and expenses of a subsidiary remain included in the consolidated financial statements until the date on which the parent ceases to control the subsidiary. If necessary, the subsidiaries' accounting principles are aligned with the uniform accounting principles applied by the Group.

Intercompany income and expenses, receivables and payables and any profit or losses arising from intragroup transactions are eliminated as part of the preparation of these consolidated financial statements.

Upon loss of control, a gain or loss from the disposal of a subsidiary is recognized in the consolidated income statement in the amount of the difference between the proceeds from the disposal of a subsidiary and its carrying amount, including the cumulative amount of any translation differences arising on consolidation of the subsidiary where it is denominated in a foreign currency.

Associates and joint ventures

Joint arrangements, in which two or more parties have joint control over an activity, must be classified as either joint operations or joint ventures.

A joint operation is characterized by the fact that the parties that have joint control (joint operators) have rights to the assets and obligations for the liabilities, relating to the operation. A joint operator shall account for the assets, liabilities, revenues and expenses relating to its interest in the joint operation as well as its share of the joint assets, liabilities, revenues and expenses.

In contrast, in a joint venture the parties that have joint control of the arrangement (joint venture partners) have rights to the net assets of the entity. Associates are companies over which the investor has a significant influence and are neither subsidiaries nor joint ventures. As with joint ventures, associates are accounted for using the equity method.

Investments in joint ventures and associates that are included in the consolidated financial statements using the equity method are recognized at cost at the time of acquisition. In subsequent periods the carrying amount is adjusted up or down to reflect the Group's share of the profit or loss and other comprehensive income of equity-accounted investees until the date on which significant influence or joint control ceases. Any distributions received from the investee and other changes in the investee equity reduce or increase the carrying amount of the investment. The carrying amount of the investment accounted for using the equity method is tested for impairment provided there are indicators of impairment. If the carrying amount of the investment exceeds its recoverable amount, an impairment loss must be recognized in the amount of the difference. The recoverable amount is measured at the higher of fair value less costs of disposal and value in use.

Business combinations

A business combination exists when the Group obtains control of another entity. All business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the consideration transferred i.e. the sum of assets transferred and liabilities assumed at the acquisition date. Transaction costs are recognized as an expense when they arise. The assets acquired and the liabilities and contingent liabilities assumed are recognized in full at their fair values at the acquisition date. After the purchase price allocation, the remaining difference between the purchase price and the share of net assets acquired, restated at fair value is recognized as goodwill.

b) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative Statement of profit and loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

c) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of Group companies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated into the functional currency of Group companies at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the Statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Foreign operations

The financial statements of foreign subsidiary undertakings and other foreign operations are drawn up in the local functional currency of each operation. The functional currency of a foreign operation is determined based on the currency of the primary economic environment in which it operates. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into the Group's reporting currency at foreign exchange rates ruling at the Balance Sheet date. The revenues and expenses of foreign operations are translated at the average exchange rate for the period where this approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising on consolidation from the retranslation of the net assets of foreign operations are taken to other Comprehensive Income and are accumulated in a separate foreign currency translation reserve and are released into the Statement of profit and loss on disposal.

The exchange rates of certain significant foreign currencies changed as follows during the reporting period:

	Rate at balance sheet date		Annual average rate	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	1 €	1 €	1 €	1 €
US-Dollar (USD)	1,0811	1,0875	1,0846	1,0425
Yen (JPY)	163,4500	144,8300	156,1942	140,5058
Polish zloty (PLN)	4,3123	4,6700	4,4594	4,6992
Swiss franc (CHF)	0,9766	0,9968	0,9625	0,9954
Pound Sterling (GBP)	0,8551	0,8792	0,8649	0,8624
Swedish Krone (SEK)	11,5250	11,2805	11,4890	10,7681

d) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

Unconditional receivables and payables are recognized as assets or liabilities when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash. However, recognition of financial assets to be acquired and financial liabilities to be incurred as a result of a firm commitment to purchase or sell goods or services, such as trade receivables and trade payables, is usually delayed until at least one of the parties has performed under the agreement and the ordered goods or services have been shipped, delivered or rendered.

A forward contract that is within the scope of IFRS 9, such as a forward foreign exchange contract, is recognized as an asset or a liability on the commitment date when the fair value of the right and obligation are usually equal and the net fair value of the forward on initial recognition is zero. If the net fair value of the right and obligation is not zero, the contract is recognized as an asset or liability.

Except for trade receivables without a significant financing component, a financial asset or a financial liability is initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets - classification

IFRS 9 contains three principal classification categories for financial assets on initial recognition: amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).



Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collection contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes derivative financial assets.

Financial assets - subsequent measurement and gains and losses

After initial recognition financial assets are measured as follows:

- Financial assets at FVTPL: These assets, including derivatives are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
- Financial assets at amortized cost: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
- Debt investments at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition gains and losses accumulated in OCI are reclassified to profit or loss.
- Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities - classification

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is a derivative, or it is designated as such on initial recognition.

Financial liabilities - subsequent measurement and gains and losses

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire. The Group also derecognizes a financial asset when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership. The Group does not retain any control of the financial asset.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.



For leasing arrangements under the collapsible lease structure fulfill the requirements for derecognition for both, leasing receivable out of the sublease against customer and lease liability in the head lease against the lessor, as the lessor takes over the full credit risk in the sublease and accepted the assignment of the lease receivable under the sublease as a repayment. Hence both positions are netted and derecognized.

Derivative Financial Instruments and Hedging

Derivative Financial Instruments are initially measured at fair value. After initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss, unless the derivative qualifies, and has been formally designated as a hedging instrument, in accordance with the requirements for hedge accounting.

The Group uses foreign exchange contracts and currency swaps to hedge its exposures of foreign exchange risks arising from operational and financing activities. In accordance with its treasury policy, the Group does not currently hold or issue derivatives for trading purposes. The Group does not apply hedge accounting.

e) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The depreciation rates used based on the estimated useful lives are as follows:

Buildings	2 - 10%
Plant and machinery	10 - 25%
Fixtures, fittings and equipment	14 - 50%

The depreciable amount of items of property, plant and equipment is determined after deduction of the estimated residual value item. Where the residual value is not insignificant it is reassessed annually.

The carrying amount of property, plant and equipment is tested for impairment in accordance with IAS 36 'Impairment of assets' when there is an indication that the carrying amount of an asset or cash-generating unit may exceed its recoverable amount. An impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

f) Leasing

Definition of a lease

IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration. Leases are different from service contracts. Leases provide the customer with a right to control the use of an asset, whereas, in a service contract, the supplier retains control.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. An asset can be identified either explicitly or implicitly. If explicitly, usually the asset will have a specified serial number and if implicitly, the asset is not mentioned in the contract, but the supplier can fulfil the contract only using a particular asset, in which case there may be an identified asset. There is no identified asset if the supply has a substantive right to substitute the asset.

The assessment whether a substitution right is substantive depends on the facts and circumstances at inception of the contract and does not consider circumstances that are not considered likely to occur. However, if the asset is substituted by the supplier due to a necessary technical update, that does not prevent the contract from being dependent on an identified asset. An identified asset can also be a physically distinct portion of a larger asset.

A contract conveys the right to control the use of an identified asset if the customer has both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the identified asset throughout the period of use.

The following types of leasing arrangements are present in the Group:

- Real Estate leasing
- Leasing of hardware for customer contracts
- Leasing for office equipment

- Leasing of Motor Vehicles

Separating components of a contract

Contracts usually combine different kinds of obligation of the supplier, which may be formed by lease components or lease and non-lease components, such as maintenance/services. IFRS 16 requires an entity to account for each of these components separately, applying the relevant standard to each one. The standard gives the lessee the option not to separate non-lease components and instead account for all the components together.

The right to use an asset is a separate lease component if both of the following criteria are met:

- The Group can benefit from use of the asset either on its own or together with other resources that are readily available to the lessee; and
- The underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

A contract may include an amount payable by the Group for activities and costs that do not transfer a good or service to the Group i.e. charge for administrative tasks. Such amounts do not give rise to a separate component and should be considered as part of the total consideration that is allocated to each different component.

Consideration should be allocated to each lease component based on the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease component. Their relative standalone prices should be determined based on the price the lessor would charge an entity for that component separately. If the breakdown information for the pricing is included in the contract, the Group considers the pricing from the contract.

Combination of contracts

Contracts should be accounted together if they are entered into at or near the same time with the same counterparty and in contemplation of another. Contracts will be accounted together if the following conditions are met:

- The contracts are negotiated together as a package with an overall commercial package.
- The consideration in one contract depends on the price/performance of the other contract.
- The assets involved are a single lease component.

Lease term

The lease term is the non-cancellable period of the lease plus periods covered by an option to extend or an option to terminate if the lessee is reasonably certain to exercise the extension option or not exercise the termination option.

In assessing whether a lessee is reasonably certain to exercise an option to extend the lease (or not to exercise an option to terminate a lease), the Group should consider all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease (or not to exercise the option to terminate the lease). The lease term should be reassessed in only limited circumstances.

Group as a Lessee

The Group applies a single recognition and measurement approach for all leases. Lessees no longer distinct between finance lease contracts and operating lease contracts. They are required to recognize all the transactions on the balance sheet, which means recognizing a right of use asset and a financial liability. This is because, in economic terms, a lease contract is the acquisition of a right to use an underlying asset with the purchase price paid in instalments. For the initial recognition, the Group takes into consideration Group's materiality policy.

The rentals related to operating lease commitments that are not recognized on the balance sheet based on Group's materiality applied, are charged to the Statement of profit and loss on a straight-line basis over the lease term. Lease incentives received are recognized in the Statement of profit and loss as an integral part of the total lease expense.

The Group has lease contracts that include extension and termination options, which needs judgement when evaluating whether it is reasonably certain whether or not to exercise the option, to renew or terminate the lease.

The Group includes the renewal period as part of the lease term for leases of buildings that are within its notice period and that a renewal is very likely or if new date is known at the balance sheet date. Otherwise, period extension is included once contract renewal is signed.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets or to first break in the lease if sooner.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".



Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in similar economic environment. The incremental borrowing rate reflects what the Group would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Any adjustment of the lease liability should be reflected as an adjustment to the right of use asset. If the carrying amount of the right of use asset has already been reduced to zero, the remaining remeasurement is recognized in profit or loss.

Any changes that result from renegotiations should follow the rules for contract modifications.

The Group presents lease liabilities in Non-current and current financial liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease Modification

IFRS 16 defines a modification as a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. Any change that is triggered by a clause that is already part of the original lease contract, including changes due to a market rent review or to exercise an extension option, is not regarded as a modification.

If the lease is modified to terminate the right of use of one or more underlying assets i.e. reduce the numbers of floors in the building, or to shorten the contractual term, the lessee re-measures the lease liability at the effective date of the modification using a revised discount rate. This is the rate implicit in the lease for the remainder of the lease term, or if not available, using the incremental borrowing rate. The amount of the right of use asset decreased. Any gain or loss is recognized in profit or loss.

Group as a Lessor

A lessor should classify at lease inception its leases as a finance or operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, otherwise, a lease is classified as an operating lease.

Operating leases

If substantially all risks and rewards incidental to ownership of an underlying leased asset are attributable to the lessor, the leased asset is recognized in the statement of financial position by the lessor and presented in accordance with the nature of the asset.

The lessor should recognize lease payments from operating leases as income on either a straight-line basis or another systematic basis that is more appropriate. The lessor should recognize costs, including depreciation, incurred in earning the lease income, as an expense. The lessor should include initial direct costs incurred in obtaining a contract to the carrying amount of the underlying asset and recognize those costs as an expense over the term of the lease on the same basis as the lease income. Depreciation of the assets should be consistent with the lessor's normal depreciation policy for similar assets. The costs of lease incentives offered, such as rent-free periods, are recognized as a reduction of rental income on a straight-line basis over the lease term.

The lessor shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original contract as part of the lease payments for the new lease.

Finance leases

If substantially all risks and rewards incidental to ownership of the underlying leased asset are attributable to the lessee, the lessor recognizes at the commencement date, in place of the leased asset, a finance lease receivable at an amount equal to the net investment in the lease. The lessor shall use the interest rate implicit in the lease to measure the net investment in the lease. The net investment in the lease is defined as the difference between the gross investment in the lease and the unearned finance income.

Lease payments included in the measurement of the net investment in the lease consists of the following components:

- Fixed payments, less any lease incentives receivable,
- Variable lease payments that depend on an index or a rate,



- Amounts expected to be payable by the lessee under residual value guarantees,
- The exercise price of a purchase option, if the lessee is reasonably certain to exercise the option,
- Payments of penalties for terminating the lease, if included in the lease term.

In subsequent measurement, the lease receivable is reduced by the principal lease payments received. The interest component of the payments received is recognized as finance income over the lease term in the Statement of profit and loss. Revenue is recognized in line with the criteria set out in the revenue recognition policy for the supply of hardware and software and the costs of acquiring the assets recognized as cost of sales in the Statement of profit and loss.

A lessor should account for a modification to a finance lease as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to the stand-alone price to reflect the circumstances of the particular contract.

Sale and leaseback

Under IFRS 16, what defines the accounting for sale and leaseback transaction is whether the transfer of assets qualifies as a sale in accordance with IFRS 15 - Revenue from Contract with customers. An entity should apply the requirements for determining when a performance obligation is satisfied in IFRS 15 to make this assessment.

Transfer of the asset is a sale

If the buyer-lessor has obtained control of the underlying asset and the transfer is classified as a sale in accordance with IFRS 15 the seller-lessee measures a right of use asset arising from the leaseback as the proportion of the previous carrying amount of the asset that relates to the right of use retained. The gain/loss that the seller-lessee recognizes is limited to the proportion of the total gain/loss that relates to the rights transferred to the buyer-lessor.

If the consideration for the sale is not equal to the fair value of the asset, any resulting difference represents either a prepayment of the lease payments or an additional financing. Same logic applies if the lease payments are not at market rates. The buyer-lessor accounts for the purchase in accordance with other applicable Standards.

Transfer of the asset is not a sale

If the transfer is not a sale - buyer-lessor does not obtain control of the asset - the seller-lessee does not derecognize the transferred assets and accounts for the cash received as a financial liability. The buyerlessor does not recognize the transferred asset and, instead, accounts for the cash paid as a receivable.

g) Intangible assets

Intangible assets comprise goodwill, capitalized development costs, software and licenses.

Goodwill is not amortized but instead tested for impairment at least annually or, alternatively, when there is an indication that the carrying amount of the CGU or CGUs to which Goodwill is allocated may be less than the estimated recoverable amount (see Note 3 (i)). An impairment loss required to reduce the carrying value of a CGU to its recoverable amount is attributed first to the balance of any Goodwill allocated to the CGU and then apportioned on a pro-rata basis to the other assets of that CGU in relation to their carrying value. Goodwill is carried at cost less accumulated impairment losses.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the income statement as an expense as incurred.

Expenditure on development activities for products and processes is capitalized when a working model has been established on projects where significant future economic benefits are expected, with a reasonable degree of probability to be obtained over future periods and when the product or process is technically and commercially feasible and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labor and an appropriate proportion of overheads. Other development expenditure is recognized in the income statement as an expense as incurred. Capitalized development expenditure is measured at cost less accumulated amortization (see below) and impairment losses (see Note 3 (i)).

Expenditure on internally generated goodwill and brands is recognized in the income statement as an expense as incurred. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost and generally amortized on a straight-line basis over their useful lives from the date they are available for use. Such assets are impaired if their recoverable amount which is measured at the higher of fair value less costs of disposal and value in use, is lower than the carrying amount (see Note 3 (i)). The estimated useful lives are as follows:

- | | |
|---|---------|
| • Developed software and intellectual property rights | 5 years |
| • Capitalized development costs | 5 years |

h) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.



The costs include expenditure incurred in acquiring the inventories and bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

The cost of inventories is determined based on the weighted average cost method.

i) Impairment

Non-financial assets

The carrying amounts of the Group's non-financial assets (other than Inventories (see Note 3 (h)) and Deferred Tax Assets (see Note 3 (o)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the extent of the impairment loss (if any).

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date and whenever there is an indication that the assets may be impaired.

When it is not possible to estimate the recoverable amount of an individual asset, assets are grouped together into the smallest group of assets (cash-generating unit) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). When a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount of an asset or CGU is the higher of its value in use or its fair value less costs of disposal. The Group generally determines the recoverable amount of a CGU based on its fair value less cost of disposal. In assessing the fair value less cost of disposal, the estimated future cash flows are discounted to present value. The discounted cash flow forecast is based on management's approved Mid-Term Plan projections which cover a future planning period of three years. Cash flow projections consider past experience and represent management's best estimate about future business developments. Cash flows after the approved planning period are extrapolated using appropriate business growth rates. Key forecast assumptions include estimated growth rates, weighted average cost of capital and tax rates. These estimates, including the methodology used, can have a material impact on the respective values and ultimately the amount of any impairment loss.

An impairment loss is recognized in the income statement if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs (or group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (or group of CGUs) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's 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 in prior years.

A reversal of an impairment loss is recognized immediately in the Statement of profit and loss.

Financial assets

Impairment

The Group measures loss allowances for financial assets at an amount equal to lifetime expected credit losses (ECLs). Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. ECLs are a probability-weighted estimate of credit losses. In estimating the lifetime expected credit losses, the Group uses a top-down loss model. While estimating the lifetime expected credit losses, the Group reviews the actual amount of credit-losses on trade receivables, compared to the total amount of outstanding receivables of the Group at the balance sheet dates, also taking into consideration forward-looking information such as expected risk premiums on the remaining lifetime of outstanding receivables.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following economic circumstances:

- Debtors in liquidation, receivership of bankruptcy;
- Debts subject to legal action;
- Debts subject to agreed payment plans (where customers are in financial difficulty);
- Debts which are considered to be at risk from non-payment or delayed payment, or against which credit notes are likely to be issued;

•Other known bad or doubtful debts.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write down of financial assets

The gross carrying amount of a financial asset is written down to its recoverable amount when the Group has no reasonable expectations of recovering a financial asset in its entirety, or a portion thereof.

Financial assets measured at amortized cost

The Group considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics. An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognized in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss was reversed through profit or loss.

j) Employee benefits

The Group accounts for pensions and other employee benefits in accordance with IAS 19.

Short-term employee benefits

Short-term employee benefits are recognized as an expense in the period in which the related services are rendered. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined benefit plans

The Group's net benefit liabilities/assets in respect of defined benefit plans are calculated individually for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount, and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. The approach reflects an actuarially calculated net present value of the future benefit entitlement for services already rendered. In determining the net present value of the future benefit entitlement for services already rendered (Defined Benefit Obligation), key assumptions including discount rate, mortality rate, expected rate of future salary increase and expected rate of future pension trends after retirement are considered. Discount rates used are determined by reference to yields on AA-rated corporate bonds of appropriate duration and currency at the end of the reporting period.

Actuarial remeasurement of the net defined benefit liability comprises (a) actuarial gains and losses, (b) the return on plan assets (excluding interest), and (c) the effect of asset ceiling (if any, excluding interest) and is recognized immediately in the Statement of Financial Position with a corresponding entry in other comprehensive income (OCI). The Group determines the net interest expense or income on the net defined benefit liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the opening defined benefit liability or asset, considering any changes during the period as a result of contributions and benefit payments.

Net interest expense and other expenses related to defined benefit plans are allocated to functional costs. When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Defined contribution plans

Some Group entities provide defined contribution pension plans to their employees with contributions being made to state or private pension insurance funds. Under defined contribution plans, the employer does not assume any further obligation above and beyond the payment of contributions into the pension fund. The amount of the future pension benefits payable will depend on the value of contributions made by the employer (and their employees, if applicable) to the pension fund, including income from the investment of such contributions. The cost of providing defined contribution pension plans is expensed in the period in which the related services are rendered by the employees.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Group's decision to terminate an employee's employment contract before the normal retirement date; or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The cost of providing termination benefits is recognized as an expense and a corresponding liability when the Group can no longer withdraw the offer of those benefits or, if earlier, when the Group recognizes the benefits payable as part of a restructuring plan that is within the scope of IAS 37.

k) Provisions



A provision is recognized when the Group has a present legal or constructive obligation to a third party as a result of a past event; it is considered probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of that obligation.

Provisions are recognized for those liabilities that are uncertain in terms of the timing and/or amount of the expected settlement. Provisions are carried at their expected settlement amount, considering all identifiable risks and uncertainties. The settlement amount is calculated based on a best estimate using the most suitable estimation method and sources of information, depending on the characteristics of the obligation. Significant liability provisions which are expected to be settled after more than twelve months are discounted. Provisions are not recognized for future expected operating losses.

Provisions for warranty obligations are recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Provisions for restructuring obligations are recognized when the Group has approved a detailed and formal restructuring plan and a valid expectation has been raised in those affected that the restructuring will be carried out by starting to implement the plan or announcing its main features. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Provisions for onerous contracts are recognized when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. For a customer contract this could be when the current estimate of total contract costs required to fulfill the contract are expected to exceed the remaining contract revenue. Onerous contracts are identified by monitoring the progress of the contract delivery for delivery risks and regularly updating the financial estimates for the remaining contract term which requires significant judgment. Estimates are subject to change based on new information as contract delivery progresses toward completion. Before an onerous contract provision is recognized the Group recognizes an impairment loss for contract assets where the carrying amount of those assets is in excess of the recoverable amount.

Contingencies (contingent liabilities and contingent assets) are potential liabilities or assets arising from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of the Group. Contingent liabilities are also present obligations that arise from past events for which an outflow of resources embodying economic benefits is not probable or for which the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only recognized at their fair value if they were assumed in the course of a business combination. Contingent liabilities not assumed in the course of a business combination are not recognized. Information on contingent liabilities (assets) is disclosed in the Notes to these Financial Statements unless the possibility of an outflow (inflow) of resources embodying economic benefits is remote.

I) Assets held for sale and liabilities associated with assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups and its sale must be highly probable.

The assets are measured at the lower of the carrying amount and fair value less costs to sell and are classified as non-current assets held for sale and disposal groups. Such assets are no longer depreciated. As a rule, impairment of such assets is only recognized if fair value less costs to sell is lower than the carrying amount. If the fair value less costs to sell subsequently increases, the impairment loss previously recognized must be reversed. The reversal of impairment loss is limited to the impairment losses previously recognized for the assets concerned. If the requirements for the classification of assets as held for sale are no longer met, the assets may no longer be shown as held for sale.

Generally, the gains and losses arising from the disposal of assets and disposal groups are reported separately on the face of the Statement of profit and loss on a net basis under income/ (expense) from disposal groups, as part of the income from the ordinary operating activities of the divisions.

m) Revenue

Revenue is measured based on the consideration specified in the contract with a customer excludes amount collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or service to a customer. The following is a description of the principal business areas, products, and services from which the Group generates revenue and the related accounting policy for revenue recognition. An overview of the IFRS 15 model for revenue recognition is set out below, as well as an overview of the nature of the Group's goods and services and how these are delivered across the business. More detailed information about how revenue is generated by the Group is set out in Note 4.

IFRS 15 provides a comprehensive model for revenue recognition, the core principle of which is that an entity shall recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This is captured in the following 5 key steps:

Step 1: Identify the contract with a customer - a contract is an agreement between two or more parties that create enforceable rights and obligations.

Step 2: Identify the performance obligations in the contract - a contract includes promises to transfer goods or services to a customer. If those goods or services are distinct, the promises are performance obligations and are accounted for separately. A good or service is distinct if the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and these promises are separately identifiable from other promises in the contract.

Step 3: Determine the transaction price - the transaction price is the amount of consideration in a contract that the Group expects to be entitled in exchange for transferring promised goods or services to the customer. It can be a fixed amount of customer consideration, or it may include variable consideration or consideration in a form other than cash. The transaction price is also adjusted for effects of the time value of money if the contract includes a significant financing component and for any consideration payable to the customer. If consideration is variable, the Group estimates the amount of consideration to which it will be entitled and includes it in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.



Step 4: Allocate the transaction price to the performance obligations in the contract - transaction price is allocated to each performance obligation based on the relative stand-alone selling prices of each distinct good or service promised in the contract. If a stand-alone selling price is not observable, the Group estimates it. The transaction price may include a discount or a variable amount of consideration that relates entirely to a part of the contract. The Group will review the requirements and specify when the variable amount should be allocated to one or more, but not all, performance obligations in the contract.

Step 5: Recognize revenue when (or as) the Group satisfies a performance obligation - the Group recognizes revenue when it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). The amount of revenue recognized is the amount allocated to each satisfied performance obligation.

Nature of goods and services

The Group realizes revenue from its principal activities through the sale of IT products and services, including Fujitsu and third-party purchased products, product-related services, sale of licenses for proprietary and third-party software products, and delivery of a wide range of managed IT services, application services and technology solutions.

Revenue from customer contracts with multiple deliverables

IT service contracts are typically multi-element contracts which contain a package of goods and services to be delivered over several years. Each element is considered separately for accounting purposes to identify the assets (goods or services) that will be transferred to the customer, either over time or at a point in time. Contracts will typically contain one or more different recurring services delivered over the duration of the contract term, such as product support and/or maintenance, or managed IT service, or services which do not recur (non-recurring services), such as IT transformation services or development projects.

Under IFRS 15 these services are analyzed into the distinct promises made to the customer under the contract for the transfer of goods and services. Each distinct promise, or series of promises, is identified as a separate performance obligation to which a portion of the total transaction price is allocated for revenue recognition purposes and recognized as or when the performance obligation(s) is satisfied.

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. The Group's promise to transfer the goods or service to the customer is separately identifiable from other promises in the contract. The sale or supply of IT products, the provision of over-time support services, or delivery of a transformation program are examples of distinct promises that might be fulfilled under a contract. The transfer of a promised service will occur as the service is consumed by the customer, this may be simultaneously or may be transferred more discretely as a particular service package is confirmed as completed, in line with the contract terms. The Group has a wide range of service offerings in its services portfolio, from consultancy and design through to service transformation and delivery. These services are capable of being sold separately but are often bundled together to meet the needs of customers addressing the IT requirements of their organization, creating contracts containing several performance obligations, comprising distinct promises for goods and/or services.

The total transaction price measured under the contract must be allocated to each performance obligation and should be with reference to relative stand-alone selling prices. For products and product-related services prices these are based on specific price lists, reference prices or agreed terms, adjusted for price or volume discounts as appropriate, and product-related services, such as extended warranty service, based on separate list prices adjusted for any specific service level requirements. For other types of IT services under the scope of the contract, stand-alone selling prices are not always directly observable. Contracts are negotiated for specific customer needs, based on a bundle of service requirements, and negotiated discounts, reflecting the overall scale, commitment, and term of the contract. The final negotiated price is therefore allocated using the estimated costs plus margin approach to reasonably allocate the agreed transaction price to the separate performance obligations.

Product Business

The Group's Product business comprises the sale of Fujitsu-branded technology products, solutions, and product-related services, as well as third-party products. Product business is delivered mainly in Germany, but also into all the Group's primary geographical markets and customer sectors. Product business may be stand-alone or part of an integrated product and services offering to a customer, with the demand for technology products driven by customers looking to outsource, transform or digitalize their IT services and infrastructure.

Products and Services	Nature and timing of performance obligations and significant payment terms
Products	The Group recognizes revenue from product sales at a point in time when the goods are delivered to, or accepted by the customer, if later, and control over the goods is transferred. Invoices are issued at that point in time and are usually payable within 30 days for region CEE and within 30 days for private customers and 60 days for public customers for WE region.
	To determine the point in time at which the control is transferred to the customer, the Group considers whether:
	a) The Group has a present right to payment for the asset;
	b) The customer has acquired legal title to the asset;
	c) The Group has transferred physical possession of the asset;
	d) The customer has significant risks and rewards related to the ownership of the asset; and
	e) The customer has accepted the asset.



Products and Services	Nature and timing of performance obligations and significant payment terms
	<p>For hardware sales requiring significant services, such as installation of servers or network products, before customer acceptance, revenue recognition is delayed until the services are completed.</p> <p>Where Fujitsu is commissioned for a manufacturing project, or engaged as a manufacturing contractor, performance does not create an asset with an alternative use to the Group. The Group has an enforceable right to payment for performance completed to date. Revenue is recognized on a percentage of completion basis, using the cost-to-cost method which best depicts the completion of the performance obligation.</p>
	<p>Goods are not sold with a right of return. Price discounts are recognized as a deduction from revenue if certain at point of sale; further discounts are not recognized until the uncertainty about any further variation in price is resolved.</p> <p>Product sales also include third-party products, comprising hardware, software, and software-related services. These are also recognized as product sales at a point in time when the customer acquires control of the product and the rights are transferred, and Fujitsu has no further performance obligations associated with use of the licensed software or delivery of services provided directly by the software vendor.</p>
Product-related Services	<p>Product support and maintenance services are recognized over the period of the service delivery as the customer receives the benefit of the service over time. Extended warranty services, purchased in addition to the manufacturer's standard warranty, are recognized over the extended warranty period.</p>

Services Business

The Group's services business covers a wide range of IT service offerings to customers across its principal geographical markets. Its portfolio of service offerings covers extensive technology services, including managed network, service desk, multi-cloud and workplace services, consulting and professional services, program and project services, enterprise application services and enterprise and cyber security services. The Group's Enterprise Platform Services Business (EPS) delivers mainframe technology and services to customers, including Fujitsu BS2000 and VME, in conjunction with the sales of software licenses and specialized hardware, as well as provision of third-party mainframe services.

Products and Services	Nature and timing of performance obligations and significant payment terms
Service delivery	<p>Performance obligations relating to the delivery of services are satisfied over time. Supply of the service can be achieved in the following ways:</p> <ul style="list-style-type: none">a) The customer simultaneously receives and consumes the benefits provided as the service is performed;b) Performance creates or enhances an asset that the customer controls as the asset is created; orc) 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. <p>These examples all demonstrate ways in which service performance can be satisfied over time. Payment terms are usually 30 days from the date of invoice for region CEE and within 30 days for private customers and 60 days for public customers for WE region.</p> <p>Where progress towards completion of the service cannot be measured with reference to specific outputs, such as a development project, progress is measured on a percentage of completion basis with reference to the costs incurred to date as a percentage of the total estimated project costs.</p> <p>Services contracted on a time and materials basis, performance is measured, and revenue recognized based on time and materials consumed at the agreed price.</p> <p>Services which require completion of specific contractual deliverables before an asset is transferred to the customer and a right to receive payment is established, for example during a Transformation program, are measured with reference to completion of each specific milestone(s) to measure the progress towards completion. Costs incurred for such activities, which have not yet progressed to creation of an asset that the customer controls, are deferred and recognized as a contract asset and classified into Inventories as contract work-in-progress. Only recoverable costs incurred</p>



Products and Services

Nature and timing of performance obligations and significant payment terms

are deferred and contract work-in-progress is subject to regular review for indication of impairment should progress towards completion, to be impacted by delays or other delivery issues.

For services delivered on an ongoing basis over a contract term, progress is measured based on the services provided in each period, either on an output or volumetric basis or, for availability-based services, measured by reference to service periods. Revenue is recognized as the services are rendered and are billed or billable. Price adjustments relating to specific periods during a service contract term are recognized in the period to which they relate, such as periodic indexation or a change in service price for different types of services delivered and consumed by the customer, for example once the service is transformed or enhanced.

Where changes occur in the initial estimates of revenue, measures of progress and/or estimates of contract costs, the cumulative impact arising from the change(s) in estimate(s) is recognized in profit or loss in the period in which the change is identified and reasonable estimates can be made.

Discounts agreed at contract inception are included in the transaction price allocated to the distinct service delivery obligations. Price adjustments for service credits relating to service delivery performance, or fulfilment of other conditions, are recognized when the uncertainty is resolved, and the discount or adjustment becomes certain.

Software License

The Group's enterprise platform services provide mainframe technology and services to customers. The Group's primary mainframe offering is BS2000, based on Fujitsu proprietary software, which it runs on specialized hardware in a managed infrastructure environment. The Group sells term licenses to customers using the BS2000 mainframe solution and delivers all the related services associated with the functioning of the software and operation of the services. The solution also requires Fujitsu BS2000 hardware, which is also supplied to customers as part of the total mainframe solution.

Under IFRS 15, in assessing the nature of the performance obligation for the sale of software licenses it is necessary to identify if the license transfers a right to use the software or a right to access the software. If a right of use is transferred, the license revenue is recognized at a point in time as the customer acquires a right to use the software as it exists at the point of sale, with no further performance obligations of the licensor in connection with the functionality of the software.

If this is not the case and the license requires, or the customer reasonably expects, that the licensor will undertake activities during the license period that affects the intellectual property to which the customer has usage rights; those activities don't transfer a separate good or service to the customer as they occur. The customer is directly exposed, either positively or negatively, to the performance of those activities then the license represents a right to access the software over the term of the license and the license revenue is recognized over time. Where rights to a software version-up during the license period are sold as part of the licensing and related services agreement, the software and services would be combined into a single performance obligation and recognized over the term of the license. Version-up rights might also be sold separately from the original license and, if considered to be a sufficiently distinct service from the transfer of the license, would represent a separate performance obligation to modify the software functionality in the future.

For BS2000 licenses, the customer procures the mainframe solution, including the software and related services required to operate and support the complex infrastructure environment. Sale of the license is not considered to be sufficiently distinct from the related services required to use the software and the software and services combined into a single performance obligation, recognized over time. The supply of hardware for a BS2000 environment is recognized as a separate performance obligation, either a sale of goods or an asset lease, depending on the contractual terms. Rights to receive version upgrades are not included as standard in term licenses for BS2000 software.

A term license for VME mainframe software is considered to transfer a right of use to the customer and support and maintenance services also sold to the customer are sufficiently distinct from the software and its functionality at the

Products and Services	Nature and timing of performance obligations and significant payment terms
	<p>point of sale. License revenue is recognized at a point in time when a license agreement is concluded on a non-cancellable, fixed term and fixed price basis.</p> <p>Where availability of licensed software is provided over a cloud-based service, access to the software by the customer is dependent on provision of the cloud service. The software license is not considered to be sufficiently distinct from the related service and both are combined into a single performance obligation and recognized over time as the hosting service is provided. The Group's new VME-as-a-service offering represents evolution of the product into a cloud-based environment, which combines the software and related services into a single performance obligation which is recognized over time.</p>
Supply of assets	<p>IT contracts often depend on the use of specific assets for delivery of the promised services. Depending on an assessment of the terms and features of the contract, if the customer acquires control over those assets in exchange for an obligation to pay for their use, the contract will contain a lease. Control over specific IT assets, provided to a customer for their sole use, can be transferred by providing assets into the customer's possession (e.g. personal computers), or contractually through the rights set out in the contract (e.g. availability of a dedicated data-center environment). Where a lease is identified in a customer contract it is first separated and a portion of the contract revenue is allocated to the lease and revenue is recognized in accordance with the provisions of IFRS 16 Leases as either a finance or operating lease.</p> <p>A lease that transfers the significant risks and rewards of ownership of the assets is classified as a finance lease and recognized as an asset sale with a related financing obligation. If a finance lease is separated from the customer contract, revenue for supply of the lease assets will be recognized at inception of the lease when the assets are made available for the customer's use.</p> <p>Leasing arrangements identified that do not transfer the significant risks and rewards of ownership of the assets are treated as a rental arrangement and revenue from use of the assets is recognized over time, over the period of use.</p>

Other accounting policy features

• Costs to fulfill a contract

Costs incurred during the Transition phase of an IT services contract, such as set-up, knowledge transfer, service-readiness, planning, etc., are not considered to represent a distinct promise to deliver an asset to the customer but are necessarily performed in the fulfillment of the contract to deliver the promised goods and services in the future. These costs of fulfillment activities incurred are capitalized, classified in Inventories, and amortized to profit or loss as a contract expense over the same period when revenue is recognized for delivery of the services to which the fulfillment costs relate.

• Costs to acquire a contract

The Group does not generally incur incremental costs to acquire a contract which occur only in the event the contract is won. Bid costs incurred in the process required to secure a contract are materially the same if the contract is won or lost. Sales commissions and incentive schemes across the Group, linked to new sales orders for contracts of more than one year, are typically paid based on achievement for targets for sales order value and not for specific contract wins. Costs are usually expensed as incurred and not capitalized.

• Revenue from agency transactions

For supply arrangements where the Group does not have control of the goods and services before transfer to the customer, Fujitsu considered to have arranged the procurement as the customer's agent and not as principal. For supply of goods and/or services on an agency basis, revenue is measured based on the commission earned only. To determine whether or not the Group has control over goods and services before their transfer to the customer, the following criteria are also considered: a) whether the Group is primarily responsible for fulfilling the promise to provide the specified good or service; b) whether the Group has inventory risk before the specified good or service is transferred to a customer or after transfer of control to the customer; and c) whether the Group has discretion in establishing the price at which the goods or services are sold to the customer.

As indicated in section 2a 'Judgements' there is material judgement whether the Group acts as an agent or principal when it resells software purchased from third party software companies.

As an authorized sales partner, FTS Group places standard software products that are delivered by software vendors to end customers. Within the scope of the sale of customer-specific solutions based on standard software licenses, FTS Group acts as a value-add software reseller and performs pre-sales consulting services in connection with the sale. This especially includes aspects of strategic and operational software procurement and consulting services with respect to the contract and compliance. Under consideration of all relevant factors FTS Group is of the opinion that in the context of the pure sale of standard software as well as in the role of a value-added software reseller, FTS Group acts as an agent. FTS Group thus records the revenue in the amount of the gross margin for such transactions. We refer also to Note 1.d) regarding a respective restatement of prior year revenue and cost of sales.



• Revenue from asset leasing

Other than leasing arrangements identified in services contracts with customers, which contain the terms of a lease, as described above, revenue can also arise from explicit leasing arrangements for IT assets. Where these are classified as operating leases, rental income is recognized as revenue over the lease term. Leases that have the features of an economic sale of the leased assets are classified as finance leases and revenue equal to the fair value of the asset or present value of the minimum lease payments, if lower, is recognized. A portion of lease revenue is allocated to financing income over the term of the lease in a pattern that reflects the net investment in the lease over time.

• Significant financing component

When a customer contract contains a significant financing component (which represents a financing arrangement that is material in the context of the contract), for example, a significant prepayment by the customer, a significant delay agreed the payment terms for distinct services performed, or other significant financial engineering of service payments due over the contract term, revenue is measured at present value using the effective interest rate. Financing income or financing expense is recognized in profit or loss for the difference in value. The measurement of revenue is not adjusted if the period of time between the time of transfer of the good or service to the customer and the time of the customer's payment is expected to be less than one year at contract inception, or if the financing component is not material in the context of the total contract value.

Contract balances

Receivables

- Receivables billed under the terms of the contract for delivered goods and services and are not conditional on anything other than the passage of time. These assets are classified as Trade Receivables

Contract assets

- Other rights to receive consideration in exchange for goods or services that the Group has transferred to a customer, when those rights are conditional on something other than the passage of time. This is represented by Revenue that has been recognized for performance obligations satisfied and receivable but not yet billable (unbilled revenue) under the terms of the contract and is classified as a contract asset under Trade and other receivables.
- Contract costs incurred in the satisfaction of a performance obligation recognized over time but transfer of the asset to the customer is not yet fully completed in order to recognize revenue, such as a milestone in a non-recurring service or project. Costs are deferred into contract work in progress until the transfer is complete and costs can be transferred to cost of sales.

Contract liabilities

- The Group's unsatisfied obligation(s) for the transfer of goods or services to the customer for which consideration has been received from the customer (classified as Deferred Revenue);
- Advance payments received from the customer in consideration of future performance obligations (classified as Advance Payments).

Contract costs

- Costs incurred in the fulfilment of a contract are also classified as a contract asset where those costs relate to activities performed to prepare for delivery of performance obligations in the future which are recoverable. Contract costs are classified under Inventories.

n) Cost of sales

Cost of sales represents the costs associated with the functions engaged in the delivery of goods and services sold to customers. It comprises the direct and indirect cost of goods and services sold, including the acquisition cost of purchased goods sold, the cost of delivery resources, and the cost of direct materials and other expenses incurred in the manufacture of other goods sold. It also includes relevant overhead costs such as depreciation of production property, plant and equipment, amortization of certain intangible assets and inventory impairment.

o) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

The Group determined that its previously applied accounting policy is in line with the regulations of IFRIC 23. Therefore, the interpretation did not have an impact on the consolidated financial statements of the Group.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for IFRS purposes and their tax bases. Temporary differences are not provided for Goodwill not deductible for tax purposes and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that sufficient future taxable profits will be available within a foreseeable period (currently estimated at five years) for the asset to be utilized. In determining future taxable profits management use a best estimate approach. Deferred tax assets are reduced to the extent that it is no longer considered probable that the related tax benefit will be realized.

The tax value of losses expected to be available for utilization against future taxable income is set off against the deferred tax liability within the same legal tax unit and jurisdiction. Net deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The amendments to IAS 12 Income Taxes have been introduced in response to the OECD's BEPS Pillar' as accounting guidance:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception - the use of which is required to be disclosed - applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The Group has applied the International Tax Reform - Pillar Two Model Rules (amendments to IAS 12 Income Taxes). The amendment 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.

Currently the Group does not expect any income taxes arise from the application of the global minimum tax rules.

The Dutch Minimum Tax Act 2024 introduces Pillar Two in the Dutch tax system by means of a separate substantive tax act alongside the current Dutch corporate income tax framework.

The Pillar Two Rules have entered into force in the Netherlands on 31 December 2023. The Income Inclusion Rule and Qualified Domestic Minimum Top-up Tax in the Minimum Tax Act 2024 applies to fiscal years starting on or after this date. The Undertaxed Payments Rule will enter into force on 31 December 2024.

The Netherlands has included a temporary CBCR Safe harbour in the Dutch Minimum Tax Act 2024. The safe harbour rule establishes that a multinational group that falls within the scope of the Pillar Two measures, while meeting certain conditions, is eligible to opt for applying a simplified regulatory framework instead of applying the detailed Pillar Two rules. The safe harbour rule allows eligible group entities to make use of existing financial data and already existing country-by-country reporting data as a basis for the Pillar Two effective tax rate calculations. If the simplified conditions in the safe harbour rule will be met, any additional top-up tax under top-up tax mechanisms will be set.

GloBE Information Return (GIR) will be filed by the ultimate parent entity - Fujitsu Limited (Japan). Japan enacted a Pillar 2 IIR (Income Inclusion Rule) with effect from 1 April 2024. QDMTT return - any top-up tax due under the QDMTT, IIR, or UTPR is formalized based on a self-assessment tax filing mechanism. The tax return period for this purpose, in principle, is 17 months following the Fiscal Year in which the top-up tax has accrued (if any). A deadline of 20 months applies for the first fiscal year.

The first relevant period for Fujitsu Technology Solutions B.V. will be Fiscal Year Apr'2024-Mar'2025.

p) New standards, interpretations and amendments

Initial application of standards, interpretations and amendments to standards and interpretations in the fiscal year

None of the following pronouncements of IASB and IFRS IC or amendments to such pronouncements that are applicable in the fiscal year 2023/2024 for the first time had any significant impact on the presentation of the Group's results of operations, financial position or cash flows. Apart from new standards Fujitsu also analyses recent IFRS IC Agenda decision whether those are relevant for the group and if so, what impact the respective decision might have.

Standard / Interpretation / Amendment	Date of Issue by the IASB	Date of mandato	Impact on the application	Group
IFRS 17	Insurance contracts - Original issue	18.05.2017	01.01.2023	no impact
IFRS 17	Amendment: Insurance contracts - Concerns and implementation challenges	25.06.2020	01.01.2023	no impact
IFRS 17	Initial Application of IFRS 17 and IFRS 9 - Comparative Information	09.12.2021	01.01.2023	no impact
IAS 1	Amendment: Presentation of Financial Statements - Disclosure of accounting policies	12.02.2021	01.01.2023	no impact
IAS 8	Amendment: Accounting Policies, Changes in Accounting Estimate and Errors - Defintion of accounting estimates	12.02.2021	01.01.2023	no impact



Standard / Interpretation / Amendment	Date of Issue by the IASB	Date of mandatory application	Impact on the Group
IAS 12 Amendment: Income Taxes - Deferred tax related to Assets and Liabilities arising from a Single Transaction	07.05.2021	01.01.2023	no impact

Standards, interpretations and amendments issued, but not yet adopted

The following standards, revised standards, amendments and interpretations, which had been issued by the IASB by the end of the fiscal year 2023/2024, but which were not mandatory for the reporting period, have not been applied by the Group in the fiscal year 2023/2024. The Group intends to apply these new and amended standards and interpretations from their effective dates.

Standard / Interpretation / Amendment	Date of Issue by the IASB	Date of mandatory application	Endorsed by EU at March 31, 2021	Expected Impact on the Group
IFRS 16 Amendment: Lease liability in a Sale and Leaseback	22.09.2022	01.01.2024	Yes	no impact
IAS 1 Amendment: Presentation of Financial Statements - Classification of liabilities as current or Non-current	23.01.2020	01.01.2024	Yes	no impact
IAS 1 Amendment: Presentation of Financial Statements - Noncurrent Liabilities with Covenants	31.10.2022	01.01.2024	Yes	no impact
Supplier Finance Arrangements	25.05.2023	01.01.2024	Yes	no impact
IAS 21 Lack of Exchangeability	15.08.2023	01.01.2025	No	no impact
IFRS 7 / IFRS 9 Amendments to the Classification and Measurement of Financial Instruments	30.05.2024	01.01.2026	No	no impact
IFRS 7 / IFRS 9 Amendments regarding nature-dependent electricity contracts	18.12.2024	01.01.2026	No	has not yet been ascertained
IFRS 18 Presentation and Disclosure in Financial Statements	09.04.2024	01.01.2027	No	has not yet been ascertained
IFRS 19 Subsidiaries without Public Accountability: Disclosures	09.05.2024	01.01.2027	No	no impact

4. Revenue

a) Classification of revenue

The Group provides a wide portfolio of IT products, business solutions and services, as described in Note 3 above. This portfolio covers an extensive range of technology, security, and enterprise platform services, ranging from workplace systems to data-center solutions, managed services, and cloud-based software and solutions. In addition, its extensive product portfolio covers the sale of Fujitsu-branded IT products and related services, as well as third-party hardware and software products and related support, maintenance, and extended warranty services.

The Group generates revenue primarily from the sale of IT products, including licensed software, and the rendering of IT services.

All revenue of the Group is derived from contracts with customers. Revenue relating to the supply of assets to customers, under the terms of an IT services delivery contract containing a leasing arrangement, is separated, as required by IFRS 15, and accounted for in accordance with IFRS 16 as either a finance lease or operating lease. Finance lease receivables are presented separately in the statement of financial position as either current or non-current assets. No new finance lease receivables recognized during the reporting period (2023: € 1.4 m). Rental income recognized in the income statement by the Group during the year ended March 31, 2024 was € 89.1 million (2023: € 88.2 m).

b) Disaggregation of revenue

In the following tables, revenue from contracts with customers is disaggregated by geographical market, major product/service lines and type of customer.

Primary geographical markets	2024	2023*
	€ m	€ m
Germany	1.248,3	1.432,4
Spain	294,8	309,7
Netherlands	149,5	159,1
Belgium	120,4	130,3
France	111,2	137,7
Italy	6,5	47,8
Other EU	282,5	263,0
Rest of Europe	168,1	246,4
Rest of world	106,5	59,6
Total revenue	2.487,8	2.786,0

* restatement, with reference to 1.d) Restatement of revenue for the 12 months ended March 31, 2023

Major products/services lines	2024	2023*
	€ m	€ m
Products	1.364,5	1.485,4
Services	944,8	1.158,3
Enterprise Services Business	178,5	142,3
	2.487,8	2.786,0

* restatement, with reference to 1.d) Restatement of revenue for the 12 months ended March 31, 2023

Revenue for products recognized at a point in time amounts to € 1,364.5 million (restated 2023: € 1,485.4 m) and revenue for services and EPS recognized over time amounts to € 1,123.3 million (restated 2023: € 1,300.6 m).

The strategic direction of the Group is to develop its business into a services-oriented organization, delivering technology services and solutions to customers. The Group's Services revenue, presented above, is currently delivered through the following organizations:

- Services is primarily responsible for the delivery of the Group's extensive technology services, including data-center, managed network, service desk, multi-cloud and workplace services, consulting and professional services, program and project services and enterprise application services. These are typically multi-period, service delivery contracts for recurring services delivered over time, and may also include non-recurring services, such as transformation projects designed to transform the customer's IT assets and services to meet the customer's future IT service requirements that support the demands of their business. This may occur after transition of existing services, either from the customer or other IT-services provider, which are delivered on an as-is basis until the transformed services go live.
- Uvance Services is a subset of the Services Business above. It is focusing especially on our growth portfolio of Consumer Experience, Digital Transformation, Security, Business Applications and Hybrid IT. These are areas with higher value offerings that are oriented at tackling societal issues.
- Enterprise Services Business (EPS) is specialized in the delivery of mainframe technology and services to customers, including Fujitsu BS2000 and VME, in conjunction with the sales of software licenses and specialized hardware, as well as provision of third-party mainframe services.

The Group delivers products and services across the full spectrum of sectors including public sector organizations and departments, and private sector customers. The split of revenue from these two key sectors is presented below:

Type of customer	2024	2023*
	€ m	€ m
Private	1.822,2	2.229,7
Public	665,6	556,4
	2.487,8	2.786,1

* restatement, with reference to 1.d) Restatement of revenue for the 12 months ended March 31, 2023

c) Contract balances

Receivables represent invoiced amounts, net of provision for impairment losses, which are due and payable and unbilled consideration which is billable for delivered goods and services in accordance with the contractual terms for invoicing and payment.

Contract assets include the following categories in relation to contracts with customers:

- Unbilled contract receivables relating to revenue recognized in line with satisfaction of performance obligations over time, as the IT services are delivered, for which Fujitsu is not yet entitled to bill the customer in accordance with the agreed charging mechanism in the contract. This includes contracts where revenue is recognized with reference to the stage of completion of the performance obligations but recoverable through charges billable to the customer in the future. Unbilled receivables at the reporting date which relate to revenue recognized for services delivered that are billable to the customer, in arrears or on completion, and not conditional upon the satisfaction of further performance obligations are classified as receivables.
- Contract work-in-progress includes costs incurred in relation to non-recurring services, such as a customer transformation project, where the service delivery is in-progress and the performance obligation not yet fully satisfied pending completion and acceptance of specific assets to be transferred to the customer. These costs are deferred into contract work-in-progress until completion of the project milestone and acceptance of the service by the customer. Costs are only deferred to the extent that they do not exceed the transaction price allocated to the performance obligation, and therefore considered to be recoverable under the contract. Excess costs incurred are expensed as incurred and not deferred in contract work-in-progress. Contract costs deferred into work-in-progress relate to performance obligations for the supply of goods and services which are expected to be satisfied within a short-term period of up to six months, depending on the scope and complexity of delivery requirements, and no more than twelve months. In the event a contract subsequently experiences delays in contract delivery, affecting full satisfaction of the performance obligations in-progress at the reporting date, contract work-in-progress balances are reviewed for impairment to determine if the amounts remain recoverable as contract assets.

Contract liabilities relating to contracts with customers are also recognised where contractual payments have been received from customers relating to performance obligations which have not yet been fully satisfied. Satisfaction of performance obligations under service delivery contracts requires an asset to be transferred to the customer before revenue can be recognised. Contractual payments may be due in advance under the commercial agreement with the customer or, in other cases, contractual progress payments chargeable during the set-up or transition phase of a contract, or during a development project, where an asset has not yet been transferred to the customer and recognition of the consideration received is deferred.

- Deferred income of the Group relates primarily to pre-paid contracts for provision of product-related services over terms of up to 3 or 5 years, depending on the customer's requirements for extended warranty or other support and maintenance services. Income is transferred to revenue in line with the pattern of delivery of the contracted services over the term of the contract.
- Advance payments represent amounts received from customers in relation to concluded contracts for sale of goods and contracts for rendering of services which provided for consideration to be billed and paid in advance before the control has been passed and in advance of the service commencement date and represents performance obligations which are wholly unsatisfied at the reporting date and classified separately as contract liabilities.

In the consolidated financial statements, contract liabilities relating to payments received in advance of revenue recognition are included in deferred income.

Contract fulfillment costs under the scope of the contract, which have been incurred during the service establishment phase, in preparation for the satisfaction of performance obligations in the future. The costs are capitalized and amortized as the related services are delivered and performance obligations satisfied over time. Contract assets relating to fulfillment costs are classified into inventories as recoverable contract costs. Pre-contract costs incurred are not considered as contract fulfillment costs unless explicitly agreed to be recoverable from the customer under the terms of the contract and are otherwise expensed as incurred.

Contract balances	2024	2023
	€ m	€ m
Contract assets	34,0	58,3
Unbilled receivables for performance obligations with progress measured by percentage completion	2,3	2,3
Contract costs deferred into work-in-progress	31,7	56,0
Contract fulfillment costs	8,6	19,8
Contract liabilities	13,1	21,3



Contract balances	2024	2023
	€ m	€ m
Payments received in advance of revenue recognition	13,1	21,3

d) Significant changes in the contract balances during the period

Contract balances	2024	2023
	€ m	€ m
Contract assets		
Increase due to the change in measure of progress	3,6	11,2
Increase due to new contract assets	-	12,5
Amounts billed during the year	(6,5)	(12,2)
Contract liabilities		
Amounts billed during the year	(20,1)	(18,3)
Change during the reporting period	(23,0)	(6,8)

e) Transition price allocated to remaining performance obligations

The following table includes revenue expected to be recognized in the future periods indicated, related to performance obligations that are unsatisfied, or partially satisfied, at the reporting date.

	2024	2023
	€m	€m
Within one year	782,4	896,8
More than one year	926,0	1.105,4
Change during the reporting period	1.708,4	2.002,2

The table above includes all amounts of consideration expected to be received from contracts with customers and included in the measurement of transaction price, excluding variable consideration which is not yet sufficiently certain.

5. Cost of sales

Cost of sales relates to the cost of functions engaged in the delivery of revenue-generating activities, including the supply of goods and services to customers. In addition, restructuring and transformation costs relating to product business and service delivery functions are also included in cost of sales.

Direct materials included in cost of sales for the year amounted to € 821.8 million (2023: € 896.5m).

Total cost of sales decreased in current year, contributing to increase in margins following CCD Exit and decrease in associated headcounts. In current year total cost of sales was € 2,029.5 million (restated 2023: € 2,329.9 m). Overall, gross margins were higher mainly in products due to a positive deviation in Client Computing Devices following the CCD exit (up by €43.2m) and Product Services (up by €15.1m). Gross margin generated from sale of services were lower by €39.3m, specifically in Work Life Shift (down by €16.2m) and DX Digital Transformation (down by €9.9m).

6. Selling expenses

Selling expenses amounted to € 437.9 million (2023: € 371.5 m) and comprise all expenses related to sales and marketing, including related administration expenses. Selling expenses increased in current year compared to the previous one, mainly due to year-to-year increase of € 126.6 m in restructurings. Increase in selling expenses was partially compensated by reduction of costs following sale of Fujitsu Services GmbH.

7. Research and development expenses



	2024	2023
€ m	€ m	€ m
Gross expenditure	20,5	29,6
Software development capitalized at cost	(2,0)	(2,3)
Amortization charge for the year	-	-
Net software development expenditure	(2,0)	(2,3)
Net expenditure	18,5	27,3
Restructuring		
Net research and development expenses	18,5	27,3

The Group also incurred expenses in research and development activities, primarily in the Product Business Line, with a focus on development of the Group's products and product-related offerings. The decrease is mostly due to the sale of subsidiary Fujitsu Services GmbH during the fiscal year.

8. General and administrative expenses

General and administrative expenses reflect the expenses of departments which have been assigned to the corporate and administrative functions of the Group including Finance, Legal & Commercial, Human Resources, IT and Procurement.

Administrative expenses amounted to € 234.6 million (2023: € 161.5 m), increasing during the year mainly due to higher Intracharges impact (increased year-to-year by € 33.2 m) and restructuring costs (increased year-to-year by € 18.9 m). Restructuring costs were related mainly to CCD exit and corresponding reduction of headcount.

9. Other operating income and other operating expenses

The following table provides details of other operating income and other operating expenses recognized during the year:

	2024	2023
€ m	€ m	€ m
Gains on the disposal of tangible assets	2,9	0,9
Gains on Sale of investments	-	0,1
Sundry operating income	75,9	72,6
Total other operating income	78,8	73,6
	2024	2023
	€ m	€ m
Losses on the disposal of assets	(1,1)	(0,8)
Impairment loss tangible assets	(25,7)	-
Sundry operating expenses	(0,1)	-
Total other operating expenses	(26,9)	(0,8)
	2024	2023
	€ m	€ m
Loss on Sale of investments	(213,7)	-

In the fiscal year 2023/2024 other operating income amounts to € 78.8 million and consists of sundry operating income of € 75.9 million (2023: € 72.6m) as well as gains on the disposal of tangible assets of € 2.9 million (2023: € 0.9m).

Sundry operating income concerns mainly income from costs passed on within the Group in the amount of € 75.9 million (2023: € 72.6m).

In the current fiscal year other operating expenses increased by € 26.1 million and include mainly impairment losses on tangible assets of € 25.7 million.

The loss on sale of investments relates to the sale of Fujitsu Services GmbH, Germany (see Note 1.b)).

The impairment loss amounting to € 25.7 million comprises mainly with €24.8 million the right of use asset impairment due to vacant space connected to headcount reduction caused by CCD exit as well as the exit of cloud service business (see Note 30).

10. Net finance income/(costs)

The following table provides details of financing income and expense arising during the current and prior periods, as indicated:

	2024	2023
	€ m	€ m
Finance income		
Exchange gains	75,2	115,2
Interest income:	14,6	6,3
Interest income on bank deposits	14,5	6,3
Interest income on lease receivables	-	-
Interest income other	0,1	-
Other financial income	-	0,4
	89,8	121,9
Finance costs		
Exchange losses	(67,2)	(121,1)
Interest expenses:	(13,4)	(7,1)
Interest expenses on bank loans and overdrafts	(11,1)	(5,8)
Interest expenses on lease liabilities	(1,5)	(1,2)
Interest expenses from other loans	(0,8)	(0,1)
Interest expenses other	-	-
Other financial expense	(0,2)	(0,1)
	(80,8)	(128,3)
Net finance costs/(income) recognized in profit or loss	9,0	(6,4)

Exchange gains include unrealized gains from remeasurement of foreign currency derivatives in the amount of € 2.0 million (2023: € 1.7 m) as well as realized gains from foreign currency derivative instruments and unrealized gains from remeasurement of foreign currency monetary assets and liabilities.

Exchange losses include unrealized losses from remeasurement of foreign currency derivatives in the amount of € 1.2 million (2023: € 4.9 m) as well as realized losses from foreign currency derivative instruments and unrealized losses from remeasurement of foreign currency monetary assets and liabilities.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from assets and liabilities as well as from forecasted operational sales and purchases. To manage this risk the Group enters into foreign exchange derivatives agreements. These derivatives contract relates to the biggest extent to USD, as the main part of foreign exchange exposure is being generated in this currency. The other frequently used foreign exchange derivatives relate to PLN, GBP, CHF, JPY and SEK.

11. Employee benefit expense

The following table provides details of personnel costs for the periods indicated:

	2024	2023
	€ m	€ m
Salaries and wages	656,2	674,7
Social security contributions	136,6	133,4
Other personnel costs	33,8	40,6
Pension costs	49,4	41,5
Total personnel expenses	876,0	890,2
	2024	2023
	€ m	€ m
Included in cost of sales:		
Salaries and wages	96,5	99,8
Social security contributions	20,1	19,7
Other personnel costs	5,0	6,0
Pension costs	7,3	6,1
Included in selling expenses:		
Salaries and wages	384,4	429,0
Social security contributions	80,0	84,8
Other personnel costs	19,8	25,8
Pension costs	28,9	26,4
Included in general and administration expenses:		
Salaries and wages	175,3	145,9
Social security contributions	36,5	28,9
Other personnel costs	9,0	8,8
Pension costs	13,2	9,0
Total personnel expenses	876,0	890,2

The pension costs include costs for defined contribution plans of € 24.6 million (2023: € 24.3 m) and costs for defined benefit plans of € 24.8 million (2023: € 17.2 m).

The other personnel costs comprise mainly company cars and training cost.

The following table provides the average number of employees for the periods indicated:

	2024	2023
Average number of employees	12.935	13.264

	2024	2023
Central & Eastern Europe (CEE)		
Germany	3.559	3.982
Switzerland	55	72
Austria	100	115
Poland	3.891	3.797
Russia	5	29
Northern & Western Europe (NWE)		
Spain	2.122	1.957
Portugal	2.127	2.141
France	274	318
Netherlands	335	377
Belgium	285	294
Luxembourg	182	182

The average number of employees is determined based on full-time equivalents.

12. Intangible assets

	Development costs € m	Other intangible assets € m	Goodwill € m	Under construction € m	Total € m
Cost					
As of April 1, 2023	10,5	102,7	255,4	2,3	370,9
Exchange adjustments	-	0,1	-	-	0,1
Additions	2,0	0,7	-	0,2	2,9
Reclassifications	-	0,6	-	(0,6)	-
Disposals	(2,0)	(56,7)	-	(0,2)	(58,9)
As of March 31, 2024	10,5	47,4	255,4	1,7	315,0
Accumulated amortization					
As of April 1, 2023	(7,8)	(96,5)	(33,9)	-	(138,2)
Exchange adjustments	-	(0,1)	-	-	(0,1)
Charge for the year	(3,0)	(3,0)	-	-	(6,0)
Changes in Group	(0,9)	0,9	-	-	-
Disposals	2,0	54,1	-	-	56,1
As of March 31, 2024	(9,7)	(44,6)	(33,9)	-	(88,2)

	Development costs	Other intangible assets	Goodwill	Under construction	Total
	€ m	€ m	€ m	€ m	€ m
Net book value					
As of March 31, 2023	2,7	6,2	221,5	2,3	232,7
As of March 31, 2024	0,8	2,8	221,5	1,7	226,8
Cost					
As of April 1, 2022	8,6	111,6	255,4	2,3	377,9
Exchange adjustments	-	-	-	-	-
Additions	2,3	1,8	-	0,1	4,2
Reclassifications	-	0,1	-	(0,1)	-
Retirements	(0,4)	(10,8)	-	-	(11,2)
Transferred to disposal group/classified as held for sale	-	-	-	-	-
As of March 31, 2023	10,5	102,7	255,4	2,3	370,9
Accumulated amortization					
As of April 1, 2022	(5,1)	(104,0)	(33,9)	-	(143,0)
Exchange adjustments	-	-	-	-	-
Charge for the year	(3,1)	(3,3)	-	-	(6,4)
Changes in Group	-	-	-	-	-
Disposals	0,4	10,8	-	-	11,2
Impairment - write up	-	-	-	-	-
Transferred to disposal group/classified as held for sale	-	-	-	-	-
As of March 31, 2023	(7,8)	(96,5)	(33,9)	-	(138,2)
Net book value					
As of March 31, 2022	3,5	7,6	221,5	2,3	234,9
As of March 31, 2023	2,7	6,2	221,5	2,3	232,7

The total amortization charge for the year for intangible assets with finite useful lives and available for use by the business, excluding Goodwill, is € 6.2 million (2023: € 6.4 m) which has been allocated to the functional areas of the business as follows; cost of sales € 3.4 million (2023: € 1.1 m), selling expenses € 0.5 million (2023: € 0.3 m), general and administrative expenses € 2.3 million (2023: € 1.9 m).

In the fiscal year 2023/2024 the net book value of intangible assets decreased by € 5.9 million mainly due to the disposals in connection with the Fujitsu Services GmbH, Germany sale (exit of cloud service business).

For the purpose of Goodwill impairment testing, the Group's cash generating units (CGUs) are identified based on geographical responsibility. The Management structure of the Group is organized based on geography, with the Central Europe business and its responsibility for the Group's Products Business Line reporting directly to Fujitsu Limited in Japan. Other geographies are primarily focused on the Group's Services business. The countries or country clusters set out in the table below have been identified as the Group's CGU's, being the lowest level of business unit generating largely independent cash flows and at which Goodwill is monitored by management.

Goodwill is annually tested for impairment per end of February using the annually updated mid-term plan as basis. To the extent that impairment indicators are identified till the end of the reporting period (e.g. end of March) the impairment test is reassessed and updated if relevant.

The Group's CGU structure and their respective allocation of the carrying value of the Group's Goodwill, measured at € 221.5 million, is set out below, as follows:

Cash generating units	2024	2023
	€ m	€ m
Central Europe (CE) (Germany, Switzerland, Austria)	175,6	175,6
Belux (Belgium, Luxembourg)	13,3	13,3
France	7,4	7,4
Spain	5,6	5,6
Portugal	0,7	0,7
Poland	5,3	5,3
Netherlands	13,6	13,6
Total	221,5	221,5

The Group performed the mandatory annual impairment test for Goodwill based on February 29, 2024 figures and updated with March 31, 2024 year-end closing figures as required by IAS 36 for intangible assets with indefinite useful life. Goodwill is not amortized but tested annually for impairment as set out in the Group's accounting policies in Note 3 (i). The recoverable amount of the seven CGUs is based on their value in use, estimated using discounted cash flows. The cash flows are projected for the next three years and a terminal growth rate thereafter applied, based on past experience, actual operating results and management's best estimate about future business developments and other market-related assumptions. The fair value determined for each of the Group's CGUs is assigned to level 3 of the fair value hierarchy.

Management assessed that per balance sheet date there was no material adverse impact following from the current macroeconomic environment to be considered for goodwill impairment testing purposes. However, management evaluated potential impairment indicators till the date of publication with a triggering event before balance sheet date. In addition, additional sensitivity analyses were performed to evaluate uncertainty and potential adverse impacts from the current macroeconomic environment.

Key assumptions

The key assumptions used in estimation of the recoverable amount of each CGU are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from external sources. The discount rate is based on the capital asset pricing model.

Key assumptions - 2024	Discount rate	Terminal value growth rate	Risk free rate	Country risk premium	Beta factor
Cash generating units	%	%	%	%	
Central Europe (CE) (Germany, Switzerland, Austria)	9,5/8,8/10,0	0,5	2,0	0,0/0,0/0,6	0,87
Belux (Belgium, Luxembourg)	10,9/8,8	0,5	2,0	0,9/0,0	0,87
France	10,5	0,5	2,0	0,7	0,87
Spain	14,3	0,5	2,0	2,3	0,87
Portugal	12,40	0,5	2,0	1,80	0,87
Poland	10,5	0,5	2,0	1,2	0,87
Netherlands	8,9	0,5	2,0	0,0	0,87



Key assumptions - 2023	Discount rate	Terminal value growth rate	Risk free rate	Country risk premium	Beta factor
Cash generating units	%	%	%	%	
Central Europe (CE) (Germany, Switzerland, Austria)	11,0/10,2/11,8	0,5	2,0	0,0/0,0/0,7	0,86
Belux (Belgium, Luxembourg)	12,6/10,6	0,5	2,0	1,0/0,0	0,86
France	12,2	0,5	2,0	0,9	0,86
Spain	16,70	0,5	2,0	2,80	0,86
Portugal	17,20	0,5	2,0	3,30	0,86
Poland	12,6	0,5	2,0	1,5	0,86
Netherlands	10,2	0,5	2,0	0,0	0,86

Recoverable amounts

The following table shows the amount by which the estimated recoverable amount of each CGU exceeded its carrying amount:

Cash generating units	2024	2023
	€ m	€ m
Central Europe (CE) (Germany, Switzerland, Austria)	729,9	496,6
Belux (Belgium, Luxembourg)	127,2	61,2
France	35,8	79,0
Spain	115,6	79,3
Portugal	31,6	19,6
Poland	129,7	56,1
Netherlands	33,6	53,5

Sensitivity analysis

The estimated recoverable amount of each CGU is particularly sensitive to changes in the key assumptions used to determine the terminal growth rate, the discount rate and the PBT. The following table shows the amounts by which the estimated recoverable amount of each CGU will decrease by an individual change of each of these key parameters:

Sensitivity analyses - 2024	Discount rate	Perpetuity growth rate	PBT every year	PBT year 1/2/3
	+1.0%	(0.1%)	(10.0%)	(30.0%)/ (20.0%)/ (10.0%)
Cash generating units	€ m	€ m	€ m	€ m
Central Europe (CE) (Germany, Switzerland, Austria)	(85,3)	(8,0)	(64,0)	(78,4)
Belux (Belgium, Luxembourg)	(12,2)	(1,1)	(9,2)	(10,8)
France	(3,9)	(0,4)	(0,6)	(2,9)
Spain	(8,4)	(0,7)	(8,0)	(9,3)
Portugal	(2,6)	(0,2)	(0,8)	(1,0)



Sensitivity analyses - 2024	Discount rate	Perpetuity growth rate	PBT every year	PBT year 1/2/3
	+1.0%	(0.1%)	(10.0%)	(30.0%)/ (20.0%)/ (10.0%)
Cash generating units	€ m	€ m	€ m	€ m
Poland	(11,8)	(1,1)	(3,8)	(4,6)
Netherlands	(4,0)	(0,4)	(1,8)	(2,7)
Sensitivity analyses - 2023	Discount rate	Perpetuity growth rate	PBT every year	PBT year 1/2/3
	+1.0%	(0.1%)	(10.0%)	(30.0%)/ (20.0%)/ (10.0%)
Cash generating units	€ m	€ m	€ m	€ m
Central Europe (CE) (Germany, Switzerland, Austria)	(48,0)	(4,3)	(40,3)	(45,1)
Belux (Belgium, Luxembourg)	(5,9)	(0,5)	(5,4)	(7,2)
France	(7,1)	(0,6)	(6,8)	(7,3)
Spain	(5,8)	(0,5)	(6,9)	(8,9)
Portugal	(1,2)	(0,1)	(1,2)	(1,5)
Poland	(4,3)	(0,4)	(2,3)	(2,9)
Netherlands	(5,7)	(0,5)	(4,4)	(4,6)

The sensitivity analyses revealed that even in the case of substantially divergent key assumptions within a realistic framework for the CGUs, there would be no need for impairment of the allocated goodwill.

13. Property, plant and equipment

	Land & buildings	Plant & machinery	Fixtures, fittings and equipment	Under construction	Equipment on rental to customers	Total property, plant and equipment
	€ m	€ m	€ m	€ m		€ m
Cost						
As of April 1, 2023	196,5	1,5	208,6	6,0	111,0	523,6
Exchange adjustments	2,8	0,1	1,4	-	-	4,3
Reclassifications	1,1	-	(1,6)	(3,8)	4,3	-
Additions	21,3	-	30,2	1,1	1,1	53,7
Disposals	(16,1)	(0,3)	(88,5)	(1,9)	(113,5)	(220,3)
As of March 31, 2024	205,6	1,3	150,1	1,4	2,9	361,3
Accumulated depreciation						
As of April 1, 2023	(82,2)	(1,3)	(146,2)	-	(95,3)	(325,0)
Exchange adjustments	(1,0)	0,1	(0,9)	-	-	(1,8)
Reclassifications	-	-	0,1	-	(0,1)	-
Charge for the year	(22,3)	-	(30,0)	-	(7,4)	(59,7)
Disposals	7,9	0,3	71,1	-	100,3	179,6

	Land & buildings	Plant & machinery	Fixtures, fittings and equipment	Under construction	Equipment on rental to customers	Total property, plant and equipment
	€ m	€ m	€ m	€ m	€ m	€ m
Impairments	(25,1)	-	(0,6)	-	-	(25,7)
As of March 31, 2024	(122,7)	(0,9)	(106,5)	-	(2,5)	(232,6)
Net book value						
As of March 31, 2023	114,3	0,2	62,4	6,0	15,7	198,6
As of March 31, 2024	82,9	0,4	43,6	1,4	0,4	128,7
	Land & buildings	Plant & machinery	Fixtures, fittings and equipment	Under construction	Equipment on rental to customers	Total property, plant and equipment
	€ m	€ m	€ m	€ m	€ m	€ m
Cost						
As of April 1, 2022	210,5	87,0	201,1	2,2	21,6	522,4
Exchange adjustments	(0,2)	-	0,2	-	-	-
Reclassifications	0,6	(84,7)	0,1	(1,8)	85,8	-
Additions	31,3	0,1	32,8	5,6	5,8	75,6
Disposals	(29,3)	-	(25,6)	-	(2,2)	(57,1)
Transferred to classified as held for sale	(16,4)	(0,9)	-	-	-	(17,3)
As of March 31, 2023	196,5	1,5	208,6	6,0	111,0	523,6
Accumulated depreciation						
As of April 1, 2022	(89,1)	(74,8)	(138,5)	-	(14,1)	(316,5)
Exchange adjustments	-	-	(0,1)	-	-	(0,1)
Disposals	25,9	-	19,7	-	1,6	47,2
Reclassifications	-	73,1	-	-	(73,1)	-
Charge for the year	(25,0)	-	(27,3)	-	(9,7)	(62,0)
Transferred to disposal group/ classified as held for sale	6,0	0,4	-	-	-	6,4
As of March 31, 2023	(82,2)	(1,3)	(146,2)	-	(95,3)	(325,0)
Net book value						
As of March 31, 2022	121,4	12,2	62,6	2,2	7,5	205,9
As of March 31, 2023	114,3	0,2	62,4	6,0	15,7	198,6

In the fiscal year 2023/2024 the net book value of property, plant and equipment (PPE) decreased by € 69.9 million mainly due to decrease of € 31.4 million land and buildings, the decrease of € 18.8 million fixtures, fittings and equipment as well as the decrease in equipment on rental to customers amounting to € 15.3 million.

The decrease in carrying value of land and buildings is mainly due to the right of use asset impairment due to vacant space connected to headcount reduction caused by Fujitsu Services GmbH, Germany sale (exit of cloud service business) as well as the CCD exit (see Note 30).

The decrease in carrying value of fixtures, fittings and equipment as well as of equipment on rentals to customers are mainly due to the sale of Fujitsu Services GmbH, Germany.

14. Non-current financial assets

The following table provides details of non-current financial assets:

	2024	2023
	€ m	€ m
Shares in equity and investment bonds	24,7	28,3
Finance lease receivables non-current	0,2	3,1
Long-term loan receivables	2,8	2,7
Other investments	3,2	1,5
Total non-current financial assets	30,9	35,6

Shares in equity and investment bonds relate to an employee deferred compensation scheme in Germany and are measured at fair value. The carrying value of equities and investment bonds held in the fund is subject to remeasurement to fair value at the reporting date.

Where the Group makes IT equipment available for use by its customers and transfers the significant risks and rewards of ownership, the arrangement is accounted for as a finance lease. The decrease of the finance lease receivables is due to payments received from customers during the reporting period.

Other investments, relating to a portfolio of various small equity investments and long-term loan receivables are measured at amortized cost.

15. Taxes

a) Income taxes

	2024	2023
	€ m	€ m
Current tax (expense) / income		
Current year	(6,4)	(3,9)
Adjustment for prior years	2,2	1,6
Total current tax (expense) / income	(4,2)	(2,3)
Deferred tax (expense)/income	12,4	(10,7)
Total income tax (expense) / income in income statement	8,2	(13,0)

The deferred tax income amounts to € 12.4 million (2023: deferred tax expense € 10.7 m). The increase in deferred tax income results from improved future taxable profits and is mainly influenced by Germany.

The Group operations are subject to income taxes in various foreign jurisdictions. The statutory income tax rates vary from 19.0 % to 31.25 %, which causes a difference to the Netherlands' statutory income tax rate of 25.8 % (2023: 25.8 %). Income tax expense differs from the amounts computed by applying statutory Dutch income tax rates of 25.8 % (2023: 25.8 %) as follows:

Reconciliation of taxable income

	2024	2023
	€ m	€ m
Net profit before taxation	(385,5)	(100,8)
Statutory income tax rate (%)	25,8%	25,8%

	2024	2023
	€ m	€ m
Expected tax (expense) / income	99,5	25,8
Other non deductible items	(111,0)	(2,5)
Prior year adjustments	2,1	1,6
Difference in foreign tax rates	18,2	6,9
Deferred tax not recognised	(13,4)	(60,0)
Recognition of previously unrecognized deferred tax	12,8	15,6
Non-creditable withholding and other taxes	(0,0)	(0,4)
Total	(91,3)	(38,8)
Actual tax (expense) / income	8,2	(13,0)
Effective tax rate	2,1%	-12,9%

Increase of Other non deductible items in the fiscal year 2023/2024 results from FS GmbH spin-off (exit from loss-making cloud services in Germany, through the implementation of Project Switch) see page 8.

b) Current tax assets and liabilities

	2024	2023
	€ m	€ m
Total current tax assets	2,7	3,1

The current tax asset of € 2.7 million (2023: € 3.1 m) represents the amount of income taxes recoverable in respect of current and prior periods in excess of payments made.

	2024	2023
	€ m	€ m
Total current tax liabilities	12,3	17,3

The Group has a current tax liability of € 12.3 million (2023: € 17.3 m). Taking into account a variety of factors including existing interpretations, commentaries and legal decisions relating to the various tax jurisdictions and the Group's past experience, adequate provision has, as far as identifiable, been made for potential future tax obligations.

c) Analysis of deferred tax assets and liabilities

	2024		2023	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	€ m	€ m	€ m	€ m
Goodwill and intangible assets	0,0	0,1	-	1,6
Tangible assets	0,9	0,8	0,9	0,6
Other assets	0,1	9,6	(7,2)	8,8
Tax losses	7,6	-	13,4	-
Provisions	6,7	-	2,5	1,2

	2024		2023	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	€ m	€ m	€ m	€ m
Pension provisions	36,6	-	43,7	-
Liabilities	7,6	-	1,8	-
Others	5,6	12,4	11,5	-
Lease asset	-	25,8	-	35,9
Lease liability	26,3	-	12,9	-
Tax liabilities (assets)	91,4	48,7	79,5	48,1
Set off of tax	(44,4)	(44,4)	(46,6)	(46,6)
Deferred tax assets and liabilities	47,0	4,3	32,9	1,5

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available within the next five years against which the asset can be utilized. This approach is also applied for companies which incurred tax losses in the current and/or prior year but where there is a reasonable expectation of improved profitability over the forecast period.

The increase in deferred tax assets mainly results from increased future taxable profits and is mainly influenced by Germany. Conversely, deferred taxes assets have been fully restricted in the Netherlands due to an established five-year history of tax losses.

Other differences relating to recognition of deferred taxes for other Group companies were not material to the Group therefore no adjustments were recognized in accordance with IAS 12.

The Group has determined that the undistributed profits of its subsidiaries, joint venture or associate will not be distributed in the foreseeable future as there are no distributable profits and earnings available. This leads to no temporary differences associated with investments in the Group's subsidiaries, associate, and joint venture.

d) Recognized and unrecognized deferred tax assets and liabilities

	2024		2023	
	Recognized	Not recognized	Recognized	Not recognized
	€ m	€ m	€ m	€ m
Tax losses available for carry forward	28.8	1,357.2	52.5	1,310.0
Deductible temporary differences	119.7	49.8	57.9	170.5
	148.5	1,407.0	110.5	1,480.5

The total of tax losses available to carry forward, and other deductible temporary differences for which no deferred tax asset or liability was recognized, amount to € 1,407.0 m (2023: € 1,480.5 m).

Corporation tax losses are only considered where the tax losses are available to carry forward. Tax losses carried forward generally do not expire, and refer mainly to Germany, France, and Spain.

Deferred tax assets are recognized based on future taxable profits within the next five years according to the Group's approved Mid-Term Plan.

Deferred tax assets are not recognized in respect of tax losses where it is not considered probable that future taxable profit will be available during the next five years against which the Group can utilize the tax benefits there from.

16. Inventories



	2024	2023
	€ m	€ m
-		
Finished goods	40,4	60,8
Components and raw materials	0,2	0,3
Spares	30,0	30,8
Contract costs deferred into work-in-progress	31,7	56,0
Contract fulfillment costs	8,6	19,8
Total inventories	110,9	167,7

Inventories decreased sharply by € 56.8 million, mainly due to a decrease in finished goods awaiting dispatch to customers of € 20.4 million, decrease of € 24.3 million in contract costs deferred into work-in-progress as well as decrease of € 11.2 million in contract fulfillment costs.

The decreases in inventories came mostly from sale of Fujitsu Services (€ 16.0 m), from standard sale and sell off (€ 17.7 m) in notebook and tablets following CCD exit decision as well as various action plans to promote hardware sales and to reduce inventory.

Allowances on inventory write-downs to estimated recoverable amount at the reporting date amounted to € 27.1 million (2023: € 25.5 m). The allowances are recognized as expense during the period and included in cost of sales.

Contract costs deferred into work-in-progress represents recoverable costs incurred in the performance of service delivery contracts, but the related revenue recognition criteria have not yet been achieved, or performance obligations satisfied, for example completion of a service delivery milestone(s). Contract fulfillment costs are incurred in the preparation and establishment of services to be delivered in the future but do not contribute directly to satisfaction of a performance obligation. The costs are capitalized as a contract asset and recognized as an expense over the same period as the performance obligations to which the fulfillment costs relate are satisfied and service revenue recognized.

In the financial year 2023/2024 contract fulfillment costs were amortized by € 2.1 million (2023: € 4.6 m).

17. Trade and other receivables

The nature of trade and other receivables included in the balance sheet as at the current and preceding reporting date are set out below:

	2024	2023
	€ m	€ m
Trade receivables	279,2	351,8
Amounts due from shareholders and their subsidiaries and associates	71,5	62,8
Other sundry debtors	9,3	8,4
Contract assets	2,3	2,3
Tax recoverable	10,9	3,6
Total trade and other receivables	373,2	428,9

Of which the following amounts are expected to be recoverable after more than one year:

	2024	2023
	€ m	€ m
Other sundry debtors	4,2	3,2
Total trade and other receivables due in more than one year	4,2	3,2

Trade receivables represent amounts billed under contracts with customers which are due to be paid in line with the agreed credit terms, and unbilled revenue which is due to be billed to the customer, performance obligations have been satisfied and conditions for billing fulfilled. At the reporting date, trade receivables contain as well unbilled receivables amounting to € 89.4 million (2023: € 104.6 m).



In addition, a contract asset of € 2.3 million (2023: € 2.3 m) represents revenue recognized in accordance with the stage of completion of a customer contract but is billable in line with the service charges defined under the contract terms.

The impairment of trade receivables and contract assets are described in the Note 29. Financial Instruments.

18. Other assets

	2024	2023
	€ m	€ m
Prepaid expenses	87,5	107,0
Prepayments	5,4	15,4
Total other assets	92,9	122,4
Non-current	26,7	35,2
Current	66,2	87,2

Other assets mainly include prepayments for services to be received over time from third parties and subcontractors. This includes services to be consumed in the delivery of services to customers, with a corresponding deferral of contract revenue, where appropriate.

19. Current financial assets

	2024	2023
	€ m	€ m
Loans	0,1	0,2
Cashpooling receivables due from shareholders	258,2	320,7
Derivatives	2,0	1,7
Finance lease receivables	0,5	2,7
Total current financial assets	260,8	325,3

Finance lease receivables represent the outstanding value of lease payments due from lessors under finance leases. Equipment that is made available by the Group for use by customers where the significant risks and rewards of ownership have been transferred are recognized as an economic sale with an associated deferred payment arrangement. Unearned finance income is not recognized as a receivable at inception of the lease but is accrued throughout the lease term in proportion to the outstanding value of the lessor's investment in the lease which reduces over time. Finance leases may be explicit leasing agreements or embedded in IT service contracts with customers and recognized separately for accounting purposes in accordance with the separation requirements for arrangements which contain a lease. The decrease in the finance lease receivables during the year is due to payments received from customers.

20. Cash and cash equivalents

	2024	2023
	€ m	€ m
Bank current accounts and cash in transit	23,3	17,7
Bank deposits	-	-
Cash in hand	-	-
Cash and cash equivalents in the statement of the financial position	23,3	17,7
Bank loans and overdrafts	(1,3)	(0,1)
Cash and cash equivalents in the statement of cash flows	22,0	17,6

Cash balances held in bank current accounts and cash in hand represent freely available cash resources of the Group. Bank overdrafts which are repayable on demand and form an integral part of the cash management are included as a component of cash and cash equivalents.

The cash and cash equivalents of € 0.5 million (2023: € 1.7 m) of the Russian subsidiary at balance sheet date were not fully available to the Group for cross-border transactions. These were used locally to finance the liquidation activities.

The positive cash flow generated from operating activities of € 66.3 million and from financing activities of € 115.6 million surpassed the negative cash flow from investing activities of € 182.8 million, leading together with the effects of exchange rate fluctuations of € 5.3 million to the increase in cash and cash equivalents of € 4.4 million.

21. Disposal group held for sale

Disposal Group as of March 31, 2024

There are no disposal groups for the current financial year.

Disposal Group as of March 31, 2023

On March 31, 2023 the Group reclassified its datacenter in Neckarsulm as asset held for sale. The negotiations with the buyer were still ongoing as of March 31, 2023 and were finalized as of June 30, 2023.

The carrying amount of the disposal group was not reduced by any impairment loss.

At March 31, 2023, the disposal group was measured at recoverable amount and comprised the following assets and liabilities:

	March 31, 2023
	€ m
Property, plant and equipment	10,9
Non-current other receivables	-
Non-current assets	10,9
Assets classified as held for sale	10,9

The datacenter was sold end of June 2023 with a selling price amounting to € 13.2 million. A gain of € 2.4 million was recognized from the sale.

22. Group equity

The consolidated statement of changes in equity from April 1, 2023 to March 31, 2024 is shown on page 38.

The Authorized Share Capital of the Company of € 272,752,000 is divided into 1,363,760 (2023: 1,363,760) Class A Ordinary shares of € 100 (2023: € 100) each and 1,363,760 (2023: 1,363,760) Class B Ordinary shares of € 100 (2023: € 100) each. The Authorized Share Capital is fully issued and fully paid.

The Class A and Class B shares carry equal voting rights and equal rights to participate in the distribution of any profits.

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. In the current fiscal year, the currency translation effects recognized directly in equity amounting to € 0.7 million (2023: € 1.7 m) include only a minor effect of € 0.3 million (2023: € 0.3 m) relating to the deconsolidation of operations in foreign currency.

In the consolidated statement of financial position, other components of equity amounting to (€ 1.189.7 million) comprise a currency translation reserve of (€ 0.1 million) (2023: (€ 0.8 m)), retained earnings of (€ 812.3 million) (2023: (€ 672.2 m)) as well as the unappropriated result in the amount of (€ 377.3 million) (2023: € 113.8 m).

The increase in the negative balance of consolidated net equity of € 400.9 million is mainly caused by the net loss for the year of (€ 377.3 million) transferred to equity reserves as well as the actuarial losses recognized as at March 31, 2024 on re-measurement of retirement benefit obligations of (€ 27.5 million).

Dividends have not been paid in the current or preceding fiscal years.

The company manages its capital in line with its strategy of pursuing profitable growth to increase the value of the Group. The cornerstone of this strategy is a balanced financial position. Instruments used to manage capital include the selective use of debt and an appropriate dividend policy. The company has no capital requirements anchored in its Articles of Association. For management purposes the Group uses operating profit as its key financial performance metric for management and incentive schemes. Further KPIs are defined and aligned to respective areas of management responsibility designed to drive appropriate behavior to deliver the Group's business and financial strategies and measure value creation for the Group's shareholder.

23. Employee benefits

Most Group companies have established pension plans for their employees in accordance with local legal requirements and customs. Depending on the legal, economic and tax circumstances prevailing in each country, various pension plans are used, based generally on the length of service and salary of employees. The pension plans established comprise defined contribution plans and defined benefit plans.

Defined benefit plans

Under defined benefit plans, the Group is required to pay the benefits granted to present and past employees. Defined benefit plans (DB) may be funded or unfunded. The funded plans are in Germany, Switzerland and Belgium. In the case of unfunded plans, the recognized pension liability is equal to the DBO. In the case of funded plans, the defined benefit obligation is offset against plan assets measured at their fair value. In the case the benefit obligation exceeds funded assets a net liability is recognized.

The defined benefit plans cover 11,899 (2023: 13,845) participants, including 4,256 (2023: 6,252) active employees; 3,564 (2023: 3,751) former employees with vested benefits and 4,079 (2023: 3,842) pensioners.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk, salary risk, inflation risk and market (investment) risk.

Interest risk

An increase in the bond interest rate will decrease the measurement of plan liabilities.

Market (investment risk)

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if return on plan asset is below this rate, it will drive an increase in the plan deficit. Due to the long-term nature of the plan liabilities, the Group considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.

Life expectancy

The present value of the defined benefit plan liability is calculated by reference to the best estimate life expectancy of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liabilities.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Inflation risk

Some of the Group's pension obligations are linked to inflation and higher inflation will lead to higher liabilities. The majority of the plan assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Actuarial assumptions for the defined benefit obligation

The defined benefit obligation is calculated by independent actuaries in accordance with IAS 19 using the projected unit credit method. The actuarial computation requires the use of estimates and assumptions, which depend on the economic situation in each particular country. Key assumptions for the measurement of the defined benefit obligations are the discount rate, the salary increase rate, the pension increase rate, the inflation rate and longevity.

The following table shows the assumptions applied by Group companies on which the measurement of defined benefit obligations at the balance sheet date are based:

2024	Fujitsu Germany GmbH	Fujitsu Technology Solutions GmbH (Germany)	Belgium	Switzerland	Others
Discount rate as of March 31	3,6%	3,6%	3,5%	1,5%	3,5%
Inflation rate as of March 31	2,3%	2,2%	2,1%	1,1%	2,0%
Future salary increases	2,2%	2,2%	3,6%	1,4%	2%-5%
	2,6%	2,6%			
Future pension increases	7,80% all three years, 0,0% until 2032	7,80% all three years, 0,0% until 2032	0,0%	0,0%	0,0%

2023	Fujitsu Germany GmbH	Fujitsu Technology Solutions GmbH (Germany)	Belgium	Switzerland	Others
Discount rate as of March 31	4,1%	4,1%	3,8%	2,3%	3,8%
Inflation rate as of March 31	2,2%	2,2%	2,5%	1,3%	2,0%
Future salary increases	2,3%	2,3%	4,0%	1,6%	2%-4%
	2,2%	2,2%			
Future pension increases	6,75% all three years, 0,0% for 2026/2029/2032	6,75% all three years, 0,0% for 2026/2029/2032	0,0%	0,0%	0,0%

The salary level trend refers to the expected rate of salary increase which is estimated annually depending on inflation and the period of service of employees. In Germany it has been assumed that tri-annual increases in pension payments to retired members will remain suspended in 2026 and 2029. Increases are assumed to resume from 2032 at a rate of 2.6 % p.a. This assumption is subject to ongoing review by the Company and the financial conditions and other relevant circumstances affecting this decision. Assumptions made as at March 31 of the prior fiscal year are used to measure the expected pension expense (defined benefit cost) for the current fiscal year.

The following mortality tables are applied in countries, in which the Group has significant defined benefit plans:

2024	Mortality tables
Germany	Mortality Table 2018 RT issued by Prof. K. Heubeck
Switzerland	BVG 2020 Generational tables
Belgium	MR-5/FR-5
2023	Mortality tables
Germany	Mortality Table 2018 RT issued by Prof. K. Heubeck
Switzerland	BVG 2020 Generational tables
Belgium	MR-5/FR-5

The weighted duration of pension obligations in the countries Germany, Switzerland and Belgium (based on present values of the defined benefit obligation) were as follows:

2024	Germany	Switzerland	Belgium
in years			
Weighted average duration of all pension obligations	13,3	14,5	8,5
2023	Germany	Switzerland	Belgium
in years			
Weighted average duration of all pension obligations	14,3	14,4	9,0

Actuarial gains or losses may result from increases or decreases in either the present value of the defined benefit obligation or in the fair value of the plan assets. Causes of actuarial gains or losses include the effect of changes in the measurement parameters, changes in estimates caused by the actual development of risks impacting future pension obligations and differences between the actual and expected return on plan assets. The defined benefit plans are accounted for according to IAS 19 recognizing actuarial gains and losses directly in equity in the year in which they occur.

In the current fiscal year, the Group recognized an actuarial loss of € 27.5 million (2023: gain of € 129.8m) directly in equity on a net of tax basis, which has led to accumulated actuarial losses of € 47.6 million at the fiscal year-end (2023: accumulated losses € 20.1 m).

Funding status of the Group's pension plans

Based on the measurement principles contained in IAS 19, the following funding status applies to the Group's pension plans:



2024	Group	Germany	Others
	€ m	€ m	€ m
Present value of unfunded obligations	331,5	327,2	4,3
Present value of funded obligations	301,5	232,3	69,2
Total present value of obligations	633,0	559,5	73,5
Fair value of plan assets	86,9	17,1	69,8
Asset ceiling effect	(2,5)	-	(2,5)
Total fair value of plan assets with asset ceiling effect	84,4	17,1	67,3
Net defined benefit obligations in excess of plan assets	548,6	542,4	6,2
2023	Group	Germany	Others
	€ m	€ m	€ m
Present value of unfunded obligations	467,3	463,1	4,2
Present value of funded obligations	160,4	90,2	70,2
Total present value of obligations	627,7	553,3	74,4
Fair value of plan assets	86,9	17,3	69,6
Asset ceiling effect	(1,8)	-	(1,8)
Total fair value of plan assets with asset ceiling effect	85,1	17,3	67,8
Net defined benefit obligations in excess of plan assets	542,6	536,0	6,6

Mainly the pension plans in Switzerland and Belgium and a part of German pension plans are funded via contractual trust arrangements (CTA). No legal or regulatory minimum funding requirements apply.

Development of net defined benefit liability

The change in net defined benefit liability included in the consolidated statement of financial position for the current and prior reporting period are set out below, as follows:

2024	Group	Germany	Others
	€ m	€ m	€ m
Net liability for defined benefit obligations as of April 1, 2023	542,6	536,0	6,6
Current service costs	3,7	0,7	3,0
Interest expense on obligation	23,6	21,4	2,2
Interest income on plan assets	(2,5)	(0,4)	(2,1)
Past service (benefit) cost	(0,1)	-	(0,1)
Other (benefit) cost	0,1	-	0,1
Expense / Income	24,8	21,7	3,1
(Gains) losses on plan assets	(1,4)	0,7	(2,1)
(Gains) losses arising from change in demographic assumptions	0,8	0,8	-



2024	Group	Germany	Others
	€ m	€ m	€ m
(Gains) losses arising from change in financial assumptions	30,4	27,4	3,0
(Gains) losses arising from change in experience adjustments	0,2	2,4	(2,2)
Asset ceiling applied	(2,5)	-	(2,5)
Remeasurements	27,5	31,3	(3,8)
Contributions by the employer	(2,4)	-	(2,4)
Benefits paid	(33,2)	(32,6)	(0,6)
Transfers in & out	0,7	0,7	-
Translation differences and other changes	3,3	-	3,3
Sale FS GmbH	(14,7)	(14,7)	-
	(46,3)	(46,6)	0,3
Net liability for defined benefit obligations as of March 31, 2024	548,6	542,4	6,2
2023	Group	Germany	Others
	€ m	€ m	€ m
Net liability for defined benefit obligations as of April 1, 2022	688,9	678,4	10,5
Current service costs	4,2	0,7	3,5
Interest expense on obligation	15,2	13,9	1,3
Interest income on plan assets	(1,4)	(0,2)	(1,2)
Past service (benefit) cost	(0,9)	-	(0,9)
Settlement (gains) losses	(0,1)	-	(0,1)
Expense / Income	17,0	14,4	2,6
Insurance premiums	(0,5)	-	(0,5)
(Gains) losses on plan assets	6,0	1,8	4,2
(Gains) losses arising from change in demographic assumptions	(0,3)	-	(0,3)
(Gains) losses arising from change in financial assumptions	(149,6)	(141,5)	(8,1)
(Gains) losses arising from change in experience adjustments	16,4	17,7	(1,3)
Asset ceiling applied	(1,8)	-	(1,8)
Remeasurements	(129,8)	(122,0)	(7,8)
Contributions by the employer	(2,7)	-	(2,7)
Benefits paid	(35,0)	(34,8)	(0,2)
Transfers in & out	-	-	-
Translation differences and other changes	4,2	-	4,2

2023	Group	Germany	Others
	€ m	€ m	€ m
	(33,5)	(34,8)	1,3
Net liability for defined benefit obligations as of March 31, 2023	542,6	536,0	6,6

The net liability for defined pension liability obligations as at March 31, 2024, as presented above, is net of prepaid pension cost of € 1.0 million (2023: € 1.5 million) which is included in the balance sheet as a Non- Current Financial Asset.

Defined benefit cost

2024	Group	Germany	Others
	€ m	€ m	€ m
Current service costs	3,7	0,7	3,0
Interest expense on obligation	23,6	21,4	2,2
Interest income on plan assets	(2,5)	(0,4)	(2,1)
Past service (benefit) cost	(0,1)	-	(0,1)
Settlement (gains) losses	-	-	-
Other (benefit) cost	0,1	-	0,1
Net defined benefit cost	24,8	21,7	3,1

2023	Group	Germany	Others
	€ m	€ m	€ m
Current service costs	4,2	0,7	3,5
Interest expense on obligation	15,4	13,9	1,3
Interest income on plan assets	(1,4)	(0,2)	(1,2)
Past service (benefit) cost	(0,9)	-	(0,9)
Settlement (gains) losses	(0,1)	-	(0,1)
Other (benefit) cost	-	-	-
Net defined benefit cost	17,2	14,4	2,6

All pension expense has been allocated to profit or loss on the basis of cost by function.

Development of defined benefit obligation (DBO)

A detailed reconciliation of changes in the DBO, as well as additional information by country, is provided in the following table:

2024	Group	Germany	Others
	€ m	€ m	€ m
Opening balance as of April 1, 2023	627,7	553,3	74,4
Current service cost	3,7	0,7	3,0
Interest cost	23,6	21,4	2,2



2024	Group	Germany	Others
	€ m	€ m	€ m
Past service (benefit) cost	(0,1)	-	(0,1)
Settlement (gains) losses	-	-	-
Other (benefit) cost	0,1	-	0,1
Insurance premiums	(0,5)	-	(0,5)
Actuarial (gain) / loss on DBO - Demographic Assumptions	0,8	0,8	-
Actuarial (gain) / loss on DBO - Financial Assumptions	30,4	27,4	3,0
Actuarial (gain) / loss on DBO - Experience Adjustments	0,2	2,4	(2,2)
Contributions by plan participants	1,0	-	1,0
Benefits paid	(40,6)	(32,5)	(8,1)
Transfers in and out	0,7	0,7	-
Currency (gain) / loss	0,7	-	0,7
Sale FS GmbH	(14,7)	(14,7)	-
Defined benefit obligation as of March 31, 2024	633,0	559,5	73,5
2023	Group	Germany	Others
	€ m	€ m	€ m
Opening balance as of April 1, 2022	786,5	697,6	88,9
Current service cost	4,2	0,7	3,5
Interest cost	15,2	13,9	1,3
Past service (benefit) cost	(0,9)	-	(0,9)
Settlement (gains) losses	(0,1)	-	(0,1)
Other (benefit) cost	-	-	-
Insurance premiums	(0,5)	-	(0,5)
Actuarial (gain) / loss on DBO - Demographic Assumptions	(0,3)	-	(0,3)
Actuarial (gain) / loss on DBO - Financial Assumptions	(149,6)	(141,5)	(8,1)
Actuarial (gain) / loss on DBO - Experience Adjustments	16,4	17,7	(1,3)
Contributions by plan participants	1,3	-	1,3
Benefits paid	(45,7)	(35,1)	(10,6)
Transfers in and out	-	-	-
Currency (gain) / loss	1,2	-	1,2
Defined benefit obligation as of March 31, 2023	627,7	553,3	74,4

The defined benefit obligation in the current year remained mainly unchanged due to fast offsetting effects of changes in financial assumptions, interest costs and benefits paid (2023: actuarial gains € 129.8 m, leading to decrease in the defined benefit obligation). The sale of FS GmbH in Germany led to decrease in the defined benefit obligation in the amount of € 14.7 m, due to reduction in number of plan participants.

The total defined benefit obligation as of March 31, 2024 includes € 132.4 million (2023: € 152.3 m) for active plan participants, € 106.1 million (2023: € 110.4 m) for former employees with vested benefits and € 394.5 million (2023: € 365.0 m) for pensioners.

Sensitivity analysis

Significant actuarial assumptions applied in the measurement of defined benefit obligations are discount rate, expected salary increase, expected pension increase and mortality. The sensitivity analysis below describes the effects of changes in these key assumptions on measurement of the DBO at the current and prior balance sheet date.

A change in the measurement assumptions to the extent described below, whilst holding all other assumptions constant, would have impacted the defined benefit obligation at each balance sheet date as follows:

2024	Increase (decrease) of the defined benefit obligation as of March 31, 2024		
	Group	Germany	Others
Increase of discount rate by 0.5%	(35,9)	(33,1)	(2,8)
Decrease of discount rate by 0.5%	37,0	34,1	2,9
Increase of inflation increase rate by 0.25%	9,4	9,2	0,2
Decrease of inflation decrease rate by 0.25%	(9,1)	(8,9)	(0,2)
Increase of salary increase rate by 0.25%	0,3	0,1	0,2
Decrease of salary increase rate by 0.25%	(0,1)	0,1	(0,2)
Life expectancy increase by 1 year	21,7	21,1	0,6
Life expectancy decrease by 1 year	(21,6)	(20,9)	(0,6)
2023	Increase (decrease) of the defined benefit obligation as of March 31, 2023		
	Group	Germany	Others
Increase of discount rate by 0.5%	(35,2)	(32,4)	(2,8)
Decrease of discount rate by 0.5%	34,4	31,5	2,9
Increase of inflation increase rate by 0.25%	6,8	6,6	0,2
Decrease of inflation decrease rate by 0.25%	(7,7)	(7,5)	(0,2)
Increase of salary increase rate by 0.25%	(0,1)	(0,4)	0,3
Decrease of salary increase rate by 0.25%	(0,7)	(0,4)	(0,3)
Life expectancy increase by 1 year	19,1	18,5	0,6
Life expectancy decrease by 1 year	(18,6)	(18,0)	(0,6)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that each change in assumptions would occur in isolation as some assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation was calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

The following table shows the total benefit payments expected over the next five years, as follows:



Expected benefit payments	Group	Germany	Others
	€ m	€ m	€ m
year 2025	40,2	36,4	3,8
year 2026	36,0	32,2	3,8
year 2027	34,1	30,8	3,3
year 2028	34,6	30,9	3,7
year 2029	33,5	30,3	3,2

Development of plan assets

A detailed reconciliation of changes in the fair value of plan assets is provided in the following table:

2024	Group	Germany	Others
	€ m	€ m	€ m
Opening balance as of April 1, 2023	85,1	17,3	67,8
Interest income on plan assets	2,5	0,4	2,1
Settlements (gains) losses	-	-	-
Insurance premiums	(0,5)	-	(0,5)
Actuarial gain / (loss)	1,4	(0,7)	2,1
Contributions by the employer	2,4	-	2,4
Contributions by plan participants	1,0	-	1,0
Benefits paid from plan assets	(7,4)	0,1	(7,5)
Currency gain / (loss)	0,6	-	0,6
Asset Ceiling effect	(0,7)	-	(0,7)
Plan assets as of March 31, 2024	84,4	17,1	67,3
2023	Group	Germany	Others
	€ m	€ m	€ m
Opening balance as of April 1, 2022	97,6	19,2	78,4
Interest income on plan assets	1,4	0,2	1,2
Settlements (gains) losses	-	-	-
Insurance premiums	(0,5)	-	(0,5)
Actuarial gain / (loss)	(6,0)	(1,8)	(4,2)
Contributions by the employer	2,7	-	2,7
Contributions by plan participants	1,3	-	1,3
Benefits paid from plan assets	(10,7)	(0,3)	(10,4)

2023	Group	Germany	Others
	€ m	€ m	€ m
Currency gain / (loss)	1,1	-	1,1
Asset Ceiling effect	(1,8)	-	(1,8)
Plan assets as of March 31, 2023	85,1	17,3	67,8

Employer contributions to the plan assets for the subsequent year are estimated by € 2.4 million (2023: € 2.9 m).

In Belgium, asset ceiling was triggered under IAS19 in current year in the total amount of €2.5 million (2022 €1.8 m), representing an additional effect of €0.7 million. As pension assets were higher than defined benefit obligation (DBO) for some country plans in Belgium (DB plan 81&91 and DB plan KBC), the plan assets must be capped via Asset Ceiling.

Asset allocation of plan assets

The allocation of plan assets to different types of asset at each reporting date is set out below, as follows:

2024	Group	Germany	Others
	€ m	€ m	€ m
Equity securities	19,0	0,9	18,1
Debt securities	19,7	4,7	15,0
Cash and cash equivalent	0,8	0,1	0,7
Others	5,2	-	5,2
Total with quoted market price	44,7	5,7	39,0
Real estate	7,6	0,6	7,0
Investment funds	34,6	10,8	23,8
Total without quoted market price	42,2	11,4	30,8
Asset Ceiling effect	(2,5)	-	(2,5)
Plan assets as of March 31, 2024	84,4	17,1	67,3

2023	Group	Germany	Others
	€ m	€ m	€ m
Equity securities	18,9	0,8	18,1
Debt securities	17,6	4,8	12,8
Cash and cash equivalent	1,0	0,2	0,8
Others	7,1	-	7,1
Total with quoted market price	44,6	5,8	38,8
Real estate	9,5	0,7	8,8
Investment funds	32,8	10,8	22,0
Total without quoted market price	42,3	11,5	30,8
Asset Ceiling effect	(1,8)	-	(1,8)

2023	Group	Germany	Others
	€ m	€ m	€ m
Plan assets as of March 31, 2023	85,1	17,3	67,8

Defined contribution plans

Under defined contribution plans, the Group companies pay fixed contributions into a separate entity of fund and does not assume any other obligations. The total pension expense for all defined contribution plans of the Group amounts to € 52.0 million (2023: € 54.1 m).

24. Trade and other payables

The following tables describes the different types of trade and other payables at each balance sheet date:

	2024	2023
	€ m	€ m
Trade payables	146,2	103,2
Accruals for goods received not yet invoiced	127,9	146,1
Other accruals	160,8	135,5
Amounts payable due to shareholders and their subsidiaries and associates	136,7	170,0
Other taxes and social insurance charges	33,2	52,5
Other creditors	32,1	30,0
Total trade and other payables	636,9	637,3

The amounts due in more than one year are as follows:

	2024	2023
	€ m	€ m
Other accruals	2,2	2,8
Other creditors	14,9	9,0
Total trade and other payables due in more than one year	17,1	11,8

No assets have been pledged as security in respect of any of these payables.

The Group has a Treasury Policy and systems in place which aim to ensure that trade and other payables are settled within the pre-agreed credit terms.

25. Deferred income

	2024	2023
	€ m	€ m
Total deferred income	257,4	286,2
Non-current	96,4	110,7
Current	161,0	175,5

Deferred income relates mainly to service contracts with customers where payments have been received in line with the contractual billing arrangements, but revenue has not yet been recognized. Revenue is recognized as the performance obligations identified under the terms of the contract are satisfied.

26. Other liabilities

	2024	2023
	€ m	€ m
Advance payments	12,8	20,0
Total other liabilities	12,8	20,0
Non-Current	-	-
Current	12,8	20,0

Other liabilities relate to advance payments received from customers relating to the delivery of promised goods and/or services in the future.

27. Provisions

	Restructuring	Warranty	Personnel	Other	Total
	€ m	€ m	€ m	€ m	€ m
As of April 1, 2023	19,5	13,6	15,6	45,0	93,7
Exchange adjustments	-	-	-	-	-
Additions	131,2	7,9	6,2	141,9	287,2
Releases	1,8	(0,2)	-	(9,0)	(7,4)
Change in Group	(0,5)	-	(0,4)	(15,1)	(16,0)
Utilized in year	(66,5)	(10,6)	(8,0)	(102,2)	(187,3)
Transfers and reallocations	-	-	-	-	-
Unwind of discounting and effect of changes in discounting rate	-	0,1	-	-	0,1
Transferred to disposal group/ classified as held for sale	-	-	-	-	-
As of March 31, 2024	85,5	10,8	13,4	60,6	170,3
Non-Current	15,1	3,4	13,4	4,4	36,3
Current	70,4	7,4	-	56,2	134,0

Restructuring

In previous years Fujitsu initiated a comprehensive program of strategic transformation measures across the whole organization. Transformation activities continued through the implementation phase resulted this financial year in provision utilization of € 66.5 million compensated by new restructuring provisions of € 131.2 million. Restructuring expenses are allocated to selling expenses and general and administrative expenses in the Statement of profit and loss. Based on new developments of the liabilities expected to be settled at the balance sheet date provision release was € 1.8 million.

A total balance of € 85.5 million at March 31, 2024 is expected to be utilized within the next two years.

Total restructuring provisions at March 31, 2024 increased by € 66.0 million during the year to € 85.5 million, mainly due to additions of € 131.2 million compensated partially by the utilization of € 66.5 million.



Warranties

Warranties mainly relate to products sold. The provision for warranties represents the present value of management’s best estimate of the future outflow of economic resources that will be required to settle the Group’s obligations for product warranties under local sale of goods legislation. The provision has been estimated based on historical warranty data associated with similar products and services. The provision will be utilized in line with the warranty periods provided to customers, which normally range from one to a maximum of five years. The non-current portion is discounted. The non-current portion of the provision reduced during the year by € 1.1 million to € 3.4 million (2023: € 4.5 m).

Personnel

Personnel provisions include future obligations for phased retirement programs. During the calculation an interest component was considered of 1.12 % (2023: 3.55 %). The non-current provision decreased by € 2.2 million to € 13.4 million (2023: € 15.6 m). In 2023/2024 provision was increased by € 6.2 million and utilized by € 8.0 million.

Other provisions

Other provisions relate to a variety of other obligations which are considered more likely than not to result in a financial settlement by the Group, based on latest available estimates.

The current portion mainly relates to a refund for service charges invoiced and received in connection with a contract of € 19.5 million (2023: € 19.4m), onerous contracts of € 20.1 million (2023: € 7.1 m), exit from Client Computing Device of € 4.3 million (2023: nil), exit from Private Cloud Business of € 3.4 million (2023: nil), property disputes for alleged patent infringement of € 3.0 million (2023: € 4.3 m), claims under financial guarantees of € 2.1 million (2023: € 2.2 m), legal claims of € 1.5 million (2023: € 2.6 m), copyright infringements of € 1.1 million (2023: € 0.9 m) and customer penalty provisions of € 0.5 million (2023: € 2.7 m). All of these matters are reviewed and reassessed regularly. Along with many of our competitors, the Group has recognized liability provisions in respect of valid claims received for alleged infringement of patents and copyrights, although the timing and amount of settlement of any successful claims is yet to be determined.

The non-current portion of liability provisions of € 4.4 million relates to an asset retirement obligation of € 3.3 million (2023: € 3.2 m) and onerous contract liabilities of € 1.1 million (2023: € 1.0 m).

The increase in other provisions of € 15.6 million during the year relates mainly to onerous contract provision of 13.0 million.

Additions of € 141.9 million related to the exit from Private Cloud Business of € 81.5 million, onerous contract provision of € 49.4 million, exit from Client Computing Device of € 6.0 million, copyright infringements of € 1.5 and asset retirement obligation of € 1.5 million.

Utilization of € 102.2 million was attributable mainly to the exit from Private Cloud Business of € 78.1 million, onerous contract losses incurred of € 18.2 million, exit from Client Computing Device of € 1.7 million, copyright infringements of € 1.4 million and legal claims of € 1.0 million.

Release of other provisions, where liabilities have been reassessed and no longer considered to represent probable obligations, totaled € 9.0 million relating mainly to onerous contract provisions of € 3.5 million, customer penalty provision of € 1.6 million, property disputes for alleged patent infringement of € 1.4 million and asset retirement obligation of € 1.4 million.

28. Financial liabilities

The table below describes the different types of financial liabilities of the Group as at the balance sheet date, as follows:

	2024	2023
	€ m	€ m
Bank loans and overdrafts	1,3	0,1
Cash pooling payables due to shareholders and their subsidiaries	321,0	233,4
Derivatives	1,2	4,9
Lease liabilities	123,2	131,8
Total financial liabilities	446,7	370,2
Non-current	94,9	99,4
Current	351,8	270,8

a) Non-Current Financial Liabilities

The non-current financial liabilities concern with € 93.7 million (2023: € 99.3 m lease liabilities) and with € 1.2 million long-term bank loans (2023: € 0.1 m). The Group has long-term lease obligations for office contracts amounting to € 83.5 million (2023: € 88.4 m) and for company cars amounting to € 10.2 million (2023: € 10.8 m).

b) Current Financial Liabilities

Current financial liabilities are represented by cash pooling payables due to Fujitsu companies of € 321.0 million (2023: € 233.4 m), lease obligations of € 29.5 million (2023: € 32.4 m), derivatives of € 1.2 million (2023: € 5.0 m) and bank loans and overdrafts of € 1.3 million (2023: € 0.1 m). The Group has current lease obligations for office contracts amounting to € 18.4 million (2023: € 18.8 m) and for company cars amounting to € 11.1 million (2023: € 13.3 m). The current lease obligation of the hardware from the leasing companies amounts nil (2023: € 0.3 m) classified as finance lease. The increase during the year is due to increased cash pooling payables due to Fujitsu companies.

Changes in liabilities arising from financing activities

	April 1, 2023	Cash flows	New leases	Other	March 31, 2024
	€ m	€ m	€ m	€ m	€ m
Bank loans and overdrafts	0,1	1,2	-	-	1,3
Derivatives	5,0	-	-	(3,8)	1,2
Cash pooling payables due to shareholders and their subsidiaries	233,4	87,6	-	-	321,0
Current lease liabilities	32,4	(37,9)	18,8	16,2	29,5
Non-current lease liabilities	99,3	-	23,2	(28,8)	93,7
Total liabilities from financing activities	370,2	50,9	42,0	(16,4)	446,7
	April 1, 2022	Cash flows	New leases	Other	March 31, 2023
	€ m	€ m	€ m	€ m	€ m
Bank loans and overdrafts	4,1	(4,0)	-	-	0,1
Derivatives	0,5	-	-	4,5	5,0
Cash pooling payables due to shareholders and their subsidiaries	219,7	13,7	-	-	233,4
Current lease liabilities	35,8	(36,2)	14,7	18,1	32,4
Non-current lease liabilities	89,7	-	35,0	(25,5)	99,2
Total liabilities from financing activities	349,8	(26,5)	49,7	(2,9)	370,1

Total financial liabilities of € 446.7 million increased by € 76.5 million mainly due to the increase of cash pooling payables due to Fujitsu companies and due to new lease contracts of € 42.0 million partly offset by cash outflows of € 37.9 million. The 'Other' column includes the effect of reclassification of non-current portion to current due to the passage of time and contract cancellation amounting to € 11.0 million relating to lease liabilities.

29. Financial instruments
a) Financial Risk Management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group uses derivative financial instruments to hedge certain risk exposures.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment in debt securities.

Credit risk arises from cash and cash equivalents, trade and other receivables, contract assets, derivative financial instruments, and foreign currency transactions. Under the agreements concluded for its financial instruments, the Group is exposed to credit loss in the event of non-performance by the counterparty to any one of these agreements.

The Group limits its exposure to credit risk through its policy of limiting its investments to counterparties that have a minimum credit rating of A. Commercial operations are only agreed with customers with a good external credit rating. The Group has no reason to expect non-performance by the counterparties to these agreements, given their high credit ratings. At the balance sheet date there were no significant concentrations of credit risk. The Group limits its concentration risks against banks with a limit system and a daily based monitoring system.

The maximum exposure to credit risk is partly represented by the carrying amounts of the financial assets that are carried in the statement of financial position, including derivatives with positive market values.

All trade and other receivables are regularly reviewed for indicators of impairment. The credit risk exposure inherent in the Group's trade receivables is measured and recognized as an impairment provision on initial recognition, based on the Expected Credit Loss method, as required by IFRS 9. Specific provision for impairment may also be required where a specific increase in credit risk is identified, or a credit event has occurred. Other factors may also impact recoverability of trade receivables, such as contractual disputes or adjustments required to service charges, and these are considered separately in terms of adjustment to the carrying amount of each receivable.

Trade receivables and contract assets

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

Loss allowance	2024	2023
	€ m	€ m
As of April 1	10,3	14,9
Additions	0,4	0,3
thereof credit-impaired	0,4	0,1
Utilizations	(2,1)	(1,2)
thereof credit-impaired	(2,0)	(1,2)
Releases	(1,4)	(3,7)
thereof credit-impaired	(1,4)	(3,0)
Changes in Group	-	-
thereof credit-impaired	-	-
As of March 31	7,2	10,3

General provision for impairment due to credit risk exposure is measured and recognized on initial recognition based on the Group's assessment of Expected Credit Losses (ECLs) for certain categories of financial asset, including trade receivables, in accordance with IFRS 9. Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As of March 31, 2024	Trade receivables			
	current	Days past due		
		< 30 days	30 - 60 days	
Expected credit loss rate	-	0,0%	0,0%	
As of March 31, 2024	Trade receivables			
	Days past due			
	61 -90 days	91 - 180 days	181 - 360 days [*]	> 360 days [*]
Expected credit loss rate	0,0%	0,7%	27,1%	83,3%



As of March 31, 2023	Trade receivables		
	current	Days past due	
		< 30 days	30 - 60 days
Expected credit loss rate	-	0,1%	0,1%

As of March 31, 2023	Trade receivables			
	Days past due			
	61 -90 days	91 - 180 days	181 - 360 days*	> 360 days*
Expected credit loss rate	0,1%	3,6%	32,5%	83,3%

* including credit impairment

The expected credit losses (ECLs) of trade receivables and contract assets have been calculated using a weighted average loss rate of 0.3 % (2023: 0.3%). The loss allowances of € 7.2 million (2023: € 10.3 m) includes allowances for credit impaired trade receivables mainly due more than 180 days of € 7.0 million (2023: € 9.9 m).

Other financial assets

Within other financial assets no long-term loan receivables have been credit-impaired (2023: nil).

All income and expenses relating to allowances and write-offs of trade receivables and contract assets are reported under cost of sales.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a forecast period of thirteen months. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to Group Treasury. Group Treasury invest surplus cash in interest-bearing current accounts, time deposits and money market deposits, choosing instruments with appropriate maturities and sufficient liquidity to provide adequate headroom within the applicable forecast. Also, to reduce liquidity risk, additional secured and measured lines of credit are in place with first class international banks. Counterparty risk is mitigated through a facility limit system and a daily-based monitoring system.

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities of the Group.

	Carrying amount March 31, 2024	Cash Flows until March 31, 2025	Cash Flows until March 31, 2026
	€ m	€ m	€ m
Trade payables	146,2	146,2	-
Bank loans and overdrafts	1,3	0,1	0,3
Amounts payable due to shareholder and subsidiaries	136,7	136,7	-
Cash pooling payables due to shareholder and subsidiaries	321,0	321,0	-
Derivatives	21,4	9,6	3,0
Other liabilities	1,2	1,2	-
Finance lease obligation	128,8	31,0	25,1



	Cash Flows until March 31, 2027	Cash Flows until March 31, 2028	Cash Flows until March 31, 2029	Cash Flows later March 31, 2030
	€ m	€ m	€ m	€ m
Trade payables	-	-	-	-
Bank loans and overdrafts	0,3	0,3	0,3	-
Amounts payable due to shareholder and subsidiaries	-	-	-	-
Cash pooling payables due to shareholder and subsidiaries	-	-	-	-
Derivatives	3,5	3,5	1,8	-
Other liabilities	-	-	-	-
Finance lease obligation	21,2	19,4	19,5	12,6
	Carrying amount March 31, 2023	Cash Flows until March 31, 2024	Cash Flows until March 31, 2025	
	€ m	€ m	€ m	€ m
Trade payables	103,2	103,2	-	-
Bank loans and overdrafts	0,1	-	-	-
Amounts payable due to shareholder and subsidiaries	170,0	170,0	-	-
Cash pooling payables due to shareholder and subsidiaries	233,4	233,4	-	-
Derivatives	4,9	4,9	-	-
Other liabilities	17,6	13,0	4,6	-
Finance lease obligation	135,6	33,6	25,0	-
	Cash Flows until March 31, 2026	Cash Flows until March 31, 2027	Cash Flows until March 31, 2028	Cash Flows later March 31, 2029
	€ m	€ m	€ m	€ m
Trade payables	-	-	-	-
Bank loans and overdrafts	-	0,1	-	-
Amounts payable due to shareholder and subsidiaries	-	-	-	-
Cash pooling payables due to shareholder and subsidiaries	-	-	-	-
Derivatives	-	-	-	-
Other liabilities	-	-	-	-
Finance lease obligation	18,5	17,1	17,1	24,3

Trade payables and derivatives have contractual maturities under twelve months. Invoices from suppliers are usually payable within 30 to 60 days. The cash outflows are not expected to occur significantly earlier and to be significantly different amounts from those indicated in the table.

Market risk



Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group uses derivatives to manage market risks.

Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from assets and liabilities or forecast transactions related to sales and purchases, the majority of which are firm commitments.

Protection against such risks is provided at first instance through natural hedging which arises when the values of non-derivative financial instruments have matching maturities and amounts (netting). Derivative financial instruments are used to reduce the risk remaining after netting. Financial instruments are only used to hedge underlying positions or forecasted transactions. Hedge Accounting has not been adopted.

Management has set up a Treasury Policy to require Group companies to manage their foreign exchange risk against their functional currency. The Group companies are required to hedge their entire foreign exchange risk exposure with Group Treasury. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use forward contracts, transacted with Group Treasury.

Foreign exchange risk arises when forecasted transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group treasury's risk management policy is to hedge 75 % on average the next one to three months and 35 % on average the next four to six months of anticipated cash flows relating to purchases of components and raw materials and to the sale of finished goods within the next six months.

As of March 31, 2024 outstanding forward contracts to buy currencies totaled € 241.8 million (2023: € 388.8 m) while outstanding forward contracts to sell currencies totaled € 22.9 million (2023: € 26.8 m). These contracts mainly relate to USD, GBP, PLN and SEK. The fair value of the forward contracts outstanding as of March 31, 2024 amounted to € 0.7 million (2023: -3,8 m). The Group did not have any foreign currency options in place at the current or previous balance sheet date.

The following table shows the effects on profit or loss of a 10 % shift in the currency exchange rates for the major foreign currencies PLN, SEK, GBP and USD as of March 31, 2024. The assumed exchange rates relate only to financial instruments within the meaning of IFRS 7.

	Profit or loss	2024	2023
		€ m	€ m
	+10%	(24,2)	(32,8)
	-10%	29,6	40,1

Interest Risk

The market interest risk is determined mainly by the allocation of funds in short-term bank deposits as a part of cash and cash equivalents which are periodically reinvested. The cash flow risk results from the changes in the interest rate. The cash risk is currently not seen as essential. As of March 31, 2024 the investment portfolio consists exclusively of short-term interest investments.

b) Financial Instruments

The Group's principal non-derivative financial instruments comprise bank loans and overdrafts, loans, cash and short-term deposits, the main purpose of which is to manage the Group's funding and liquidity requirements. Other financial instruments such as trade receivables and trade payables arise directly from the Group's trading operations.

Derivative financial instruments are represented by short-term foreign currency contracts placed by Group Treasury with external banks as part of the Group's cash management and foreign currency risk management activities. An embedded financial instrument is separately recognized where the arrangement has the characteristics of a derivative instrument and is not closely related to the host contract. Embedded foreign currency instruments are separately recognized at inception of the commercial contract where there is a firm commitment to exchange a known amount of currency, at future dates, at pre-determined exchange rates; and the settlement currency is not that of any material party to the contract. The fair value of derivative foreign exchange instruments, including embedded derivatives, is determined on initial recognition at forward market exchange rates at inception of the contract and subsequently re-measured based on forward market exchange rates at the Balance Sheet date.

Accounting classification and fair values

The following table shows the carrying amounts and the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchies.

Note	March 31, 2024	March 31, 2024	March 31, 2024
	Carrying amount	Amortized cost	Fair Value
	€ m	€ m	€ m
Assets			
Financial assets measured at amortized costs			

	Note	March 31, 2024 Carrying amount € m	March 31, 2024 Amortized cost € m	March 31, 2024 Fair Value € m
Cash and cash equivalents	20	23,3	23,3	23,3
Trade receivables	17	279,2	279,2	279,2
Other receivables	17, 19	341,3	341,3	341,3
Other investments	14	3,2	3,2	3,2
Loans	14, 19	2,9	2,9	2,9
Finance lease receivable	14, 19	0,7	-	0,7
Total Financial assets measured at amortized costs		650,6	649,9	650,6
Financial assets measured at fair value				
Financial assets measured at fair value through profit and loss				
Derivatives	19	2,0	-	2,0
Shares in equity and investment bonds	14	24,7	-	24,7
Total Financial assets measured at fair value		26,7	-	26,7
Liabilities				
Financial liabilities measured at amortized costs				
Trade payables	24	146,2	146,2	146,2
Bank loans and overdrafts	28	1,3	1,3	1,3
Other liabilities	24, 28	489,8	489,8	489,8
Finance lease liability	28	123,2	-	123,2
Total Financial liabilities measured at amortized costs		760,5	637,3	760,5
Financial liabilities measured at fair value				
Financial liabilities measured at fair value through profit and loss				
Derivatives	28	1,2	-	1,2
Total Financial liabilities measured at fair value		1,2	-	1,2



	Fair value			
	Level 1	Level 2	Level 3	Total
	€ m	€ m	€ m	€ m
Assets				
Financial assets measured at amortized costs				
Cash and cash equivalents				
Trade receivables				
Other receivables				
Other investments				
Loans				
Finance lease receivable				
Total Financial assets measured at amortized costs				
Financial assets measured at fair value				
Financial assets measured at fair value through profit and loss				
Derivatives		2,0		2,0
Shares in equity and investment bonds	24,7			24,7
Total Financial assets measured at fair value	24,7	2,0		26,7
Liabilities				
Financial liabilities measured at amortized costs				
Trade payables				
Bank loans and overdrafts				
Other liabilities				
Finance lease liability				
Total Financial liabilities measured at amortized costs				
Financial liabilities measured at fair value				
Financial liabilities measured at fair value through profit and loss				
Derivatives		1,2		1,2
Total Financial liabilities measured at fair value		1,2		1,2



	Note	March 31, 2023 Carrying amount € m	March 31, 2023 Amortized cost € m	March 31, 2023 Fair Value € m
Assets				
Financial assets measured at amortized costs				
Cash and cash equivalents	20	17,7	17,7	17,7
Trade receivables	17	351,8	351,8	351,8
Other receivables	17,19	394,2	394,2	394,2
Other investments	14	1,5	1,5	1,5
Loans	14, 19	2,9	2,9	2,9
Finance lease receivable	14, 19	5,8	-	5,8
Total Financial assets measured at amortized costs		773,9	768,1	773,9
Financial assets measured at fair value				
Financial assets measured at fair value through profit and loss				
Derivatives	19	1,7	-	1,7
Shares in equity and investment bonds	14	28,3	-	28,3
Total Financial assets measured at fair value		30,0	-	30,0
Liabilities				
Financial liabilities measured at amortized costs				
Trade payables	24	103,2	103,2	103,2
Bank loans and overdrafts	28	0,1	0,1	0,1
Other liabilities	24, 28	433,4	433,4	433,4
Finance lease liability	28	131,8	-	131,8
Total Financial liabilities measured at amortized costs		668,5	536,7	668,5
Financial liabilities measured at fair value				
Financial liabilities measured at fair value through profit and loss				
Derivatives	28	4,9	-	4,9
Total Financial liabilities measured at fair value		4,9	-	4,9

	Fair value			Total € m
	Level 1 € m	Level 2 € m	Level 3 € m	
Assets				
Financial assets measured at amortized costs				
Cash and cash equivalents				
Trade receivables				
Other receivables				
Other investments				
Loans				
Finance lease receivable				
Total Financial assets measured at amortized costs				
Financial assets measured at fair value				
Financial assets measured at fair value through profit and loss				
Derivatives		1,7		1,7
Shares in equity and investment bonds	28,3			28,3
Total Financial assets measured at fair value	28,3	1,7		30,0
Liabilities				
Financial liabilities measured at amortized costs				
Trade payables				
Bank loans and overdrafts				
Other liabilities				
Finance lease liability				
Total Financial liabilities measured at amortized costs				
Financial liabilities measured at fair value				
Financial liabilities measured at fair value through profit and loss				
Derivatives		4,9		4,9
Total Financial liabilities measured at fair value		4,9		4,9

Cash and cash equivalents, trade receivables and other receivables as well as trade payables, bank loans and overdrafts and other liabilities mainly have short-term maturities. Due to the short-term maturity of these instruments, the carrying amounts at the reporting date approximate their fair values.

The cash outflows are not expected to occur significantly earlier and to be for significantly different amounts from those indicated in the table.

Net gains and losses by accounting classification

	From interest	At fair value	From subsequent measurement	Impairment/ reversal of impairment
	€ m	€ m	Currency translation € m	€ m
Financial assets measured at amortized cost	14,6	-	-	1,0
Financial assets measured at FVTPL	-	(2,8)	-	-
Financial liabilities measured at amortized cost	(13,4)	-	-	-
Total Net gain / (loss)	1,2	(2,8)	-	1,0
	From derecognition	Net gain / (loss)		
	€ m	2024	2023	€ m
Financial assets measured at amortized cost	-	15,6	9,7	
Financial assets measured at FVTPL	-	(2,8)	(5,3)	
Financial liabilities measured at amortized cost	-	(13,4)	(7,1)	
Total Net gain / (loss)	-	(0,6)	(2,7)	

The Group recognized € 75.2 million exchange gains (2023: € 115.2 m) and € 67.2 million exchange losses (2023: € 121.1 m) from the valuation of financial assets and financial liabilities in fiscal year 2023/2024.

As of March 31, 2024 there was no interest income on impaired financial assets.

	2024			2023		
	Gross amount	Amount qualified for offsetting	Net amount	Gross amount	Amount qualified for offsetting	Net amount
	€ m	€ m	€ m	€ m	€ m	€ m
Derivatives with positive fair value	2,0	(1,2)	0,8	1,7	-	-
Derivatives with negative fair value	(1,2)	-	-	(4,9)	1,7	(3,2)

Fair value measurement of financial instruments

The following summarizes the major methods and assumptions used in estimating the fair values of the financial instruments reflected in the table above.

The fair value of financial assets measured at fair value through profit or loss are determined by reference to their quoted bid price at the reporting date. No quoted bid price is available for the investment in the nonquoted US company and the investment is accounted for at cost after initial recognition which is the best approximation of a fair value. There is no intention to sell the shares in the foreseeable future.

The fair value of forward foreign exchange contracts is based on their listed market price, if available. If a listed market price is not available then a fair value is estimated by calculating the instrument's expected foreign currency cash flows, converted to Group currency, and discounted to present value using an appropriate market interest rate.

For receivables and payables with a remaining life of less than one year, the nominal value is deemed to reflect the fair value. The fair value of other liabilities is equal to the amortized cost.

Financial instruments measured at fair value are allocated to different measurement levels in accordance with IFRS 13 'Financial Instruments: Disclosures'. This includes financial instruments that are:

- 1) Measured at their fair values in an active market for identical financial instruments (Level 1)
- 2) Measured at their fair values in an active market for comparable financial instruments or using measurement models whose main input factors are based on observable market data (Level 2)
- 3) Using input factors not based on observable market data (Level 3).

The following table presents the valuation techniques used in measuring Level 1 and Level 2 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Shares in equity and investments bonds	Mark et comparison technique: The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on normal commercial terms. The Group includes in level 1 shares in equity and investment bonds which relate to a deferred compensation scheme. The fair value equals the price quotations at the reporting date. The valuation is done on a monthly basis.	Not applicable	Not applicable
Derivatives (assets/ liabilities)	Mark et comparison technique/discounted cash flow: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. The Group recognizes in level 2 derivatives as for the valuation of the derivatives input factors are used which are based on observable market data. The valuation of derivatives and their fair value is estimated in a first step by discounting the cash flow using a market interest rate, in a second step by translating the foreign currencies in the Group currency (EUR) and in a third step by calculating the difference between the results of the two steps. The valuation is done on a monthly basis. Gains and losses from the fair value valuation of derivatives are shown in P&L line Financial result.	Not applicable	Not applicable

As in previous year, there were no reclassifications between levels within the fair value level hierarchy during the fiscal year 2023/2024.

As in the previous year, there were no trade receivables at the end of the reporting period which have been renegotiated and which were otherwise overdue or otherwise required recognition of an impairment loss.

During the fiscal year the FTS Group assigned trade receivables on a non-recourse basis, amounting to € 171.6 million (2023: € 196.5 m). All significant risks and rewards associated with the receivables are transferred and the Group has no continuing involvement in the receivables sold. From the sale of the trade receivables a gain of € 2 k (2023: gain of € 0.1 m) occurred which has been fully reimbursed by the customer to the Group.

30. Leases

a) The Group as a Lessee

The Group leases office buildings and company cars. The leases for company cars typically run for a period of three years. The leases for office buildings run between one year and ten years, in some cases with an option to renew the lease after that date. Lease payments are renegotiated after a period to reflect market rentals (local price indices).

The Group may sell IT equipment to leasing companies under a sale and leaseback arrangement to finance the provision of leased assets to customers. These assets are provided to customers under a sub-lease on terms matched with the head-lease. On initial recognition the expected minimum lease receivable equals the minimum lease payable. At inception of the head-lease the Group recognizes a lease liability equal to the fair value of the leased asset, or present value of the minimum lease payments, if lower. During the lease term the finance lease liability is reduced by the amount of lease payments made to the lessor using the effective interest method to attribute lease payments to capital repayment and interest expense. The interest component of the lease payments is recognized in the income statement as financing expense. Under the sub-lease to the customer, the Group recognizes a finance lease receivable where the terms of the lease transfer the significant risks and rewards of ownership of the leased asset to the customer.

Right of use assets

Right-of-use assets related to leased office buildings and company cars that do not meet the definition of investment property are presented as property, plant and equipment (see Note 13).

The exit from CCD business and cloud services caused vacant space connected to headcount reduction. The right of use assets - including the affected office contracts - are separate CGUs with separable cash outflows. The carrying amounts of the CGUs exceeded the recoverable amount of the CGUs. This led to an impairment of right of use assets in current financial year.

	Office buildings	Company cars	Total
	m €	m €	m €
Balance as of April 1, 2023	103,9	24,0	127,9
Depreciation charge for the year	(20,0)	(17,3)	(37,3)
Impairments	(25,1)	-	(25,1)
Additions to right-of use assets	20,4	21,4	41,8
Derecognition of right-of use assets	(7,0)	(7,0)	(14,0)
Exchange adjustments	1,7	0,1	1,8
Balance as of March 31, 2024	73,9	21,2	95,1
	Office buildings	Company cars	Total
	m€	m €	m €
Balance as of April 1, 2022	98,5	22,8	121,3
Depreciation charge for the year	(22,5)	(13,4)	(35,9)
Additions to right-of use assets	30,6	19,0	49,6
Derecognition of right-of use assets	(2,7)	(4,4)	(7,1)
Balance as of March 31, 2023	103,9	24,0	127,9
Amounts recognized in profit or loss			
Leases under IFRS 16		2024	2023
		€ m	€ m
Interest expense on lease liabilities		(1,5)	(1,2)

Leases under IFRS 16	2024	2023
	€ m	€ m
Income from sublease	0,6	0,2

Amounts recognized in statement of cash flows

	2024	2023
	€ m	€ m
Total cash outflow for leases	37,9	36,2

Termination options

The Group has several office lease contracts that include termination options. These options are negotiated by management to provide flexibility in managing the office lease contract portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these termination options are reasonably certain to be exercised. The Group assesses at lease commencement date whether it is reasonably certain to exercise the termination options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. During the financial year management decided to early terminate partial floors in the office building in Düsseldorf, Germany which leads to a reduction of undiscounted future rental payments by € 0.4 million.

Leases not yet commenced to which the lessee is committed

In the measurement of the lease liability is not reflected one office contract in Germany, starting November 1, 2024, to which the Group is already committed. The future lease payments for this lease contract are € 0.1 million within one year and € 0.5 million within five years.

b) The Group as a Lessor

Operating lease as a lessor

The Group leases Fujitsu products to customers which are capitalized in the Group's balance sheet (see Note 13). These contracts with lease terms mainly between one to five years are classified as operating leases. The lease payments received are recognized in revenue in profit or loss.

Rental income recognized in the income statement by the Group during the year ended March 31, 2024 was € 1.0 million (2023: € 1.0 m).

Finance lease as a lessor

As described above, the Group also acts as a lessor in connection with finance lease arrangements for the provision of IT equipment for use by customers. Finance lease receivables may relate to explicit leasing arrangements or be identified as a separate component of a services contract which contains a lease. A lease is identified where the customer acquires a right of use over a specific asset, or assets, and classified as a finance lease where the lease terms transfer the significant risks and rewards of ownership of the leased assets to the lessee.

At inception of the lease the Group recognizes a receivable equal to the net investment in the lease, calculated based on the lower of fair value and present value of the minimum lease payments accruing to the lessor, computed at a market rate of interest. Revenue is also recognized at an equivalent amount and the carrying amount of the asset is derecognized as the cost of sale and profit recognized in profit or loss.

Interest income is allocated to financing income over the term of the lease on a basis that reflects a constant periodic rate of return on the Group's net investment in the lease.

Lease payments received are separated into repayments of the lease receivable and recognition of finance income using the effective interest method.

The table below provides a breakdown of outstanding finance lease receivables at the balance sheet date as follows:

Book value	2024	2023
	€ m	€ m
Minimum lease payments receivable	0,7	6,0
Estimated unguaranteed residual value	-	-
Gross investment in the lease	0,7	6,0
Unearned finance Income	-	0,1



Book value	2024	2023
	€ m	€ m
Net investment in the lease	0,7	5,9

The gross investment in the lease and the present value of minimum lease payments, equivalent to the net investment in the lease, are shown in the following table:

	Minimum lease payments	Interests	Present value
	€ m	€ m	€ m
01/04/24 - 31/03/25	0,5	-	0,5
01/04/25 - 31/03/26	0,2	-	0,2
01/04/26 - 31/03/27	-	-	-
01/04/27 - 31/03/28	-	-	-
01/04/28 - 31/03/29	-	-	-
01/04/29 - 31/03/34	-	-	-
Total	0,7	-	0,7

Collapsible head-lease/sub-lease

In connection with the provision of IT equipment for use by customers the Group applies a collapsible headlease/sub-lease funding structure. The structure introduces a third-party funder to a sales contract between the Group and its customer, to extend financing over time for the use of assets provided to the customer for its use or to deliver services to the customer.

The structure of the arrangement is a sale and leaseback between the Group and the Funder (the Group procures the assets to the customer's specific requirements); and then an authorized sub-lease is granted to the customer through the terms of the sales contract. The lease terms fully matched in the head-lease and sub-lease. The commercial objective of the structure is for the Group to take responsibility for delivery of the assets to the customer, and for the funder to provide the capital investment for the purchase of the assets and acquire the investment risk and credit risk associated with the leasing arrangement to the customer. The Group does not participate in the risks, rewards, benefits associated with the leasing transaction other than a responsibility to bill and collect the lease charges to the customer and ensure these are paid promptly to the Funder.

Under the terms of this collapsible head-lease/sub-lease funding structure between the Group and the Funder, the Group does not retain any financial asset or liability (lease receivable or lease payable) in its own books of account. The proceeds the Group receives from the Funder on completion of the financing arrangement, at inception of the transaction, is not repayable and the Group retains no other obligation to the Funder with regard to the leasing arrangement, other than to act as bill and collection agent. The receivables arising under the terms of the customer contract, containing the sub-lease terms, are assigned in full to the Funder and the Group has no further interest in those cash flows over the lease term, nor risk payments should not be made.

Through the combined terms of the head-lease and sub-lease, the Group establishes an arrangement that enables the Funder to provide the asset financing to the customer and the Group fulfils its responsibility to procure and deliver the assets to the customer. The Group recognizes the sale of the assets to the Funder only and does not recognize the leasing transactions. The collapsible head-lease/sub-lease is classified as 'off balance sheet' for the Group.

The volume financed through the head-lease/sub-lease funding structure during the year, respectively the unrecognized lease receivables and liabilities amounts to € 21.1 million (2023: € 11.2 m). The total active contract volume under the head-lease/sub-lease funding structure as of March 31, 2024, respectively the unrecognized lease receivables and liabilities amounts to € 36.3 million (2023: € 63.7 m).

31. Capital commitments

As of March 31, 2024, the Group had purchase commitments relating to property, plant and equipment amounting to € 2.1 million (2023: € 0.9 m) and purchase commitments relating to intangible assets amounting to € 3.3 million (2023: € 3.3 m). The Group also has purchase commitments for raw materials and supplies in the ordinary course of business.

32. Contingencies

As of March 31, 2024 Group companies had contingent liabilities in respect of guarantees issued to third parties in the ordinary course of business amounting to € 36.0 million (2023: € 38.5 m). No material losses are expected to be incurred from these guarantees. No assets have been pledged as security in respect of any of the contingent liabilities.

A tax payment risk of € 7.0 million could result due to an ongoing tax audit, which is assessed with a very low probability of occurrence.

The Group has contingent assets of € 0.4 million (2023: € 0.3 m) mainly relating to a sales distributor as securitization for purchase contracts.



Contingent liabilities and contingent assets are not included in the statement of financial position and in the income statement of the Group as the possibility of an outflow of resources is not considered probable.

Further the Group has commitments in respect of forward exchange contracts entered into the normal course of business. Details of these are given in Note 29.

The Company has provided a Comfort Letter to Fujitsu Technology Solutions GmbH, Germany, to Fujitsu Germany GmbH, Germany and an irrevocable Letter of Support to Fujitsu Technology Solutions GesmbH, Austria to enable its subsidiaries to prepare their financial statements on a going concern basis.

33. Related parties

In accordance with IAS 24 (Related Party Disclosures), related individuals or entities which have the ability to control the Group, or which are controlled by the Group, must be disclosed unless such parties are not already included in the consolidated financial statements as consolidated companies. Control is defined as ownership of more than one half of the voting power of the Group or the power to direct, by statute or agreement, the financial and operating policies of the management of the Group.

In addition, the disclosure requirements of IAS 24 also cover transactions with participants, joint ventures, associates, and individuals that have the ability to exercise significant influence over the financial and operating policies of the Group. This also includes close relatives and intermediary entities. Significant influence over the financial and operating policies of the Group is presumed when a party holds 20 % or more of the voting power of the Group.

Furthermore, the requirements contained in IAS 24 relating to key management personnel and close members of their families or intermediary entities are also applied. In the case of the Group, this applies to members of the Board and Key Executives (see Note 18 of the financial statements of the Company).

For the fiscal year 2023/2024 the related party transactions of the Group are with its sole shareholder Fujitsu Limited, Kanagawa, its subsidiaries and associated entities, its joint venture and the members of the Group's Board and Key Executives.

The shareholder of the Company, Fujitsu Limited, Kanagawa, has provided an internal letter of continuing financial support to the Company dated July 19, 2024. The support will be provided for a period of at least 18 months from the balance sheet date, or 12 months from the date of the auditor's opinion on the statutory accounts of the Company and its subsidiaries, whichever is later, and if required, the letter will be renewed for a further period as defined above. Based on this agreement the Management of the Company believes in the ability to continue as a going concern.

The Company has provided a Comfort Letter to Fujitsu Technology Solutions GmbH, Germany, and an irrevocable Letter of Support to Fujitsu Technology Solutions GesmbH, Austria to enable its subsidiaries to prepare their financial statements on a going concern basis.

The following transactions were carried out with related parties in the fiscal year 2023/2024:

a) Sales of Goods and Services

Sales in the year to Fujitsu Group companies and to the sole shareholder Fujitsu Limited, Kanagawa, totaled € 213 million (2023: € 242.2 m); thereof sales to Fujitsu Limited, Kanagawa € 49 million (2023: € 27 m), to joint venture € 3.9 million (2023: € 4.9 m) and to Fujitsu Group companies € 160 million (2023: € 210.3 m).

b) Purchase of Goods and Services

Purchases of goods and services in the year from Fujitsu Group companies and the sole shareholder Fujitsu Limited, Kanagawa, totaled € 758 million (2023: € 1,205.7 m); thereof purchase of goods and services from Fujitsu Limited, Kanagawa € 567 million (2023: € 1,038.0 m) and from joint venture € 2.3 million (2023: € 3.0 m).

All these transactions were at arm's length at normal commercial terms.

c) Trading Balances arising from Sales/Purchases of Goods/Services

As of March 31, 2023 trading receivables due from Fujitsu Group companies and the sole shareholder Fujitsu Limited, Kanagawa, in total were € 330.8 million (2023: € 385.2 m), thereof from Fujitsu Limited, Kanagawa € 21.6 million (2023: € 11.6 m), Fujitsu Group companies € 307.9 million (2023: € 370.6 m), and the joint venture € 1.3 million (2023: € 3 m)

The receivables are unsecured and bear no interest and are to be settled in cash within two months of their reporting date. No provisions are held against receivables due from related parties.

Trade payables due to Fujitsu Group companies and the sole shareholder Fujitsu Limited, Kanagawa, in total at March 31, 2024 were € 332.9 million (2023: € 407.1 m), thereof with Fujitsu Limited Kanagawa € 110.7 million (2023: € 152.3 m) and with Fujitsu Companies € 222.2 million (2023: € 254.8 m). No trade payables due to joint venture existed as of March 31, 2024 and March 31, 2023. The trade payables to related parties mainly arise due from purchase transactions. The payables are unsecured and bear no interest.

Trade receivables and trade payables due to Fujitsu Group companies include as well cash pooling balances which are presented in the consolidated statement of financial position under financial assets and financial liabilities.

d) Emoluments of key management personnel, including directors

	2024	2023
	€ m	€ m
Short-term benefits	0,8	0,8
Share-based payment	0,5	0,8
Total compensation paid to key management personnel	1,3	1,6

Key management personnel (KMP) are those having both authority and responsibility for planning, directing and controlling the activities of the Group, represented primarily by the directors and only additional personnel with a similar span of authority and management responsibility across the Group. KMP are supported by a wider group of Fujitsu Global Corporate and Global Delivery specialists, drawn from Fujitsu's extensive global matrix organization; local country managers, regional business leaders, and shareholder representatives, all of whom contribute to achievement of the Group's strategic, operational and governance activities in accordance with specific authorities delegated by the Board.

In accordance with the terms of the pension plan, former directors and executive officers are entitled to receive pension payments at the date of retirement earliest at the age of 60. In fiscal year 2023/2024 € 0.2 million have been paid (2023: € 0.2 m). The current board members are not entitled to receive any pension payments.

Remuneration of the Board of Directors

Remuneration of executive directors includes all amounts paid by the Group and an allocation of remuneration paid by any fellow Fujitsu group company in respect of services provided to the Group, on an estimated apportionment basis. Details of total remuneration is presented in the table above in (d) for both the current and comparative year. Non-executive directors do not receive remuneration from the Group for their services. No allocation of remuneration paid by the Group's parent company or fellow Fujitsu group companies is made as these services are not considered to be significant in the context of the scope of their global or corporate roles in the Fujitsu group.

34. Subsequent events

At the Fujitsu Limited Board meeting held on 28 March 2024, it was concluded to make business and legal responsibilities clearer and improve efficiency by separating the legal entities of Europe into Service and Product business. For this purpose, it is intended to establish new companies in Europe for Product business to transfer the Product business from existing Europe entities. Further, it is intended to integrate Services business entities under one single Holding Company. Some internal reorganization transactions have been concluded already until 16 January 2025. As these transactions are concluded within FTS Group, they do not have any impact on the consolidated financial statements.

Company Financial Statements

Statement of profit and loss of the Company for the year ended March 31, 2024

	Notes	March 31, 2024	March 31, 2023
		€ m	€ m
Other operating income		8,6	38,1
Other operating expenses		(51,7)	(8,1)
Other operating result	4	(43,1)	30,0
Finance income		67,0	82,7
Finance costs		(73,2)	(84,3)
Net finance income / (costs)	5	(6,2)	(1,6)
Net profit / (loss) before taxation		(49,3)	28,4
Income taxes	6	(2,6)	0,1
Net profit / (loss) for the year		(51,9)	28,5

Statement of other comprehensive income of the Company for the year ended March 31, 2024



	March 31, 2024	March 31, 2023
	€ m	€ m
Profit for the year	(51,9)	28,5
Positions which will not be reclassified subsequently to profit or loss	5,5	(0,5)
Deferred tax on actuarial gains and losses	-	(0,5)
Changes in Group	5,5	-
Positions which can be reclassified subsequently to profit or loss	-	-
Other comprehensive (loss)/ income	5,5	(0,5)
Total comprehensive income for the period	(46,4)	28,0
Attributable to:		
Shareholders of the Company	(46,4)	28,0
	(46,4)	28,0

Statement of financial position of the Company for the year ended March 31, 2024

	Notes	March 31, 2024	March 31, 2023
		€ m	€ m
Non-current assets			
Financial assets	7	352,3	375,6
Deferred tax assets	6	-	2,5
		352,3	378,1
Current assets			
Other receivables	8	465,4	345,3
Other current assets	8	0,4	1,0
Current tax assets	6	0,6	0,4
Current financial assets	9	260,7	327,2
Cash and cash equivalents	10	9,8	11,2
		736,9	685,1
Total assets		1.089,2	1.063,2
Shareholders' equity	11		
Share capital		272,8	272,8
Share premium		123,2	123,2
Other components of equity		(233,9)	(187,4)

	Notes	March 31, 2024	March 31, 2023
		€ m	€ m
Total shareholders' equity		162,1	208,6
Non current liabilities			
Non-current provisions	12	2,1	2,2
		2,1	2,2
Current liabilities			
Current financial liabilities	14	323,3	239,1
Other current liabilities	13	601,6	613,3
Current provisions	15	0,1	-
		925,0	852,4
Total liabilities		927,1	854,6
Total shareholders' equity and liabilities		1.089,2	1.063,2

Statement of cash flows of the Company for the year ended March 31, 2024

	March 31, 2024	March 31, 2023
	€m	€m
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period		28,5
Adjustments for:		
Net finance costs		1,6
Tax expense		(0,1)
Impairments of subsidiaries		(32,4)
Gain from liquidation of investment		-
Proceeds from changes in Group		-
Operating result before working capital changes		(2,4)
Change in other receivables	(119,0)	(135,6)
Change in other payables	(11,1)	(30,2)
Change in provisions	(0,0)	-
Net decrease / (increase) in working capital		(165,7)
Cash generated from / (used for) operations		(168,1)
Interest and other financing charges paid		(84,3)



	March 31, 2024		March 31, 2023	
	€m	€m	€m	€m
Net cash used for operations		(200,7)		(252,4)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest received	67,0		82,7	
Purchase of financial assets	(17,5)		(1,7)	
Net cash from investing activities		49,5		81,0
CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of borrowings	150,9		162,7	
Net cash used in financing activities		150,9		162,7
Net decrease / (increase) in cash and cash equivalents		(0,3)		(8,7)
Effect of exchange rate fluctuations on cash held		(1,1)		(1,5)
Net cash and cash equivalents at the beginning of the year		11,2		21,4
Cash and cash equivalents		9,8		11,2
Net cash and cash equivalents at the end of the year		9,8		11,2

Statement of changes in equity of the Company for the year ended March 31, 2024

	Share capital	Share premium	Other components of equity		Total
			Retained earnings	Unappropriated result	
	€ m	€ m	€ m	€ m	€ m
2023					
Balance as at April 1, 2022	272,8	123,2	(195,5)	(19,9)	180,6
Net profit / (loss) for the year	-	-	-	28,5	28,5
Changes:					
Deferred tax	-	-	(0,5)	-	(0,5)
Appropriation of result of last year	-	-	15,1	(15,1)	-
Balance as at March 31, 2023	272,8	123,2	(180,9)	(6,5)	208,6
	Share capital	Share premium	Other components of equity		Total
			Retained earnings	Unappropriated result	
	€ m	€ m	€ m	€ m	€ m
2024					
Balance as at April 1, 2023	272,8	123,2	(180,9)	(6,5)	208,6



	Share capital	Share premium	Other components of equity		Total
	€ m	€ m	Retained earnings € m	Unappropriated result € m	€ m
Net profit / (loss) for the year	-	-	-	(51,9)	(51,9)
Changes:					
Deferred tax	-	-	-	-	-
Changes in Group	-	-	5,5	-	5,5
Appropriation of result of last year	-	-	28,5	(28,5)	-
Balance as at March 31, 2024	272,8	123,2	(146,9)	(86,9)	162,2

Notes to the financial statements of the Company**1. Reporting entity**

Fujitsu Technology Solutions (Holding) B.V. ("the Company") has its statutory seat in Amsterdam, The Netherlands. The commercial register number is: 34119675. Business address is Rijnzathe 6, 3454PV De Meern.

The Company is the Management Holding entity of several IT sales and services companies throughout Central and Eastern Europe, Western Europe and India.

Going concern

Despite the negative equity position and negative working capital the Board have carefully considered the going concern assumption and have concluded that both the holding Company and the Group can continue to meet financial obligations as they fall due without any significant curtailment of business activities. Despite expected improvements in results after the sale of the German service business and various restructuring programs a key factor for management to conclude that the holding company and its consolidated investments can continue as going concern relates to the letter of support in place that is commented on hereafter. The shareholder of the Company, Fujitsu Limited, Kanagawa, has provided an internal letter of continuing financial support to the Company dated July 19, 2024. The support will be provided for a period of at least 18 months from the balance sheet date, or 12 months from the date of the auditor's opinion on the statutory accounts of the Company and its subsidiaries, whichever is later, and if required, the letter will be renewed for a further period as defined above. Based on the continuing financial support of the shareholder the Board are of the opinion that the going concern assumption of the Group is an appropriate basis for preparation of these financial statements.

2. Basis of preparation

Both, the Company's financial statements and the Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the European Union (adopted IFRS).

3. Accounting policies

The accounting policies used for the preparation of the Company financial statements are the same as the Group accounting policies set out on note 3 of the Group financial statements with the exception of valuation of investments.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are controlled by the Company. The Company 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. Investments in subsidiary undertakings are carried in the company financial statements at cost less any impairment loss. The Company recognizes a dividend from a subsidiary in financial income when its right to receive the dividend is established.

Impairment

The Company determines at each reporting date whether there is objective evidence that the value of share on equity of subsidiaries is impaired. In case investments in subsidiary undertakings are impaired, the impairment loss is presented in the line financial expenses in the Statement of profit and loss.

Use of judgments and estimates - valuations of investments

Information about judgements, assumptions and estimation uncertainties as at March 31, 2024 that could also result in a material adjustment to the carrying amount of assets in the next financial year is also addressed regarding valuations of investments and related impairment or reversal of impairment estimates.

4. Other operating income and other operating expenses

The following table provides details of other operating income and other operating expenses as of the dates indicated:

	2024	2023
	€ m	€ m
Reversal impairment of investments in subsidiaries	8,0	38,1
Gain from liquidation of investment	0,6	-
Other operating income	8,6	38,1
Impairment of investments in subsidiaries	(48,8)	(5,7)
Sundry operating expenses	(2,9)	(2,4)
Other operating expenses	(51,7)	(8,1)
Other operating result	(43,1)	30,0

In the current year, a reversal of impairment charge amounting to € 8.0 million with regard to Fujitsu Technology Solutions GesmbH, Austria has been recognized in other operating income.

In the previous fiscal year, a reversal of impairment charge amounting to € 38.1 million with regard to Fujitsu Technology Solutions S.A., Spain (2022: € 0.0 m) has been recognized in other operating income.

A gain from the liquidation of investments amounting to € 0.6 million (2023: € 0.0m) has been recognized relating to the liquidation quota of Fujitsu Technology Solutions OOO, Russia (€ 0.5 m) as well as the liquidation of Fujitsu Technology Solutions S.R.L., Romania (€ 0.1 m).

In the course of the investment impairment test the assessment of the recoverable amount based on the discounted cash flow method led to a negative recoverability. Also considering the negative performance of the entities over previous periods in the fiscal year 2023/2024 an impairment charge of € 48.8 million has been recognized against the carrying value of the Company's investments in subsidiaries as per below table.

Regarding Fujitsu Technology Solutions B.V., Netherlands, on the one hand the deteriorated business expectation and on the other hand the capital increase carried out in the current fiscal year (see Note 7 Financial assets) have caused the high impairment of the carrying amount of the investment.

	2024
	€ m
Fujitsu Technology Solutions B.V., Netherlands	37,8
Fujitsu Technology Solutions S.A., Belgium	8,9
Fujitsu Technology Solutions Lda., Portugal	2,1
Total Impairment	48,8

In the previous fiscal year an impairment charge of € 5.7 million has been recognized against the carrying value of the Company's investments in subsidiaries as the assessment of the recoverable amount based on the discounted cash flow method led to a negative recoverability including following entities:

	2023
	€ m
Fujitsu Technology Solutions Lda., Portugal	3,5
Fujitsu Technology Solutions Single Member S.A.E., Greece	1,7
Fujitsu Technology Solutions (Luxembourg) S.A., Luxembourg	0,5
Total Impairment	5,7

Sundry operating expenses include mainly audit and consultancy fees, treasury service charges as well as personnel costs.

The company employs one employee in the current as well as prior year.

5. Net finance income / (costs)

The following table provides details of finance income and expense for the periods indicated:

	2024	2023
	€ m	€ m
Exchange gains	42,6	72,9
Interest income from third party	0,5	0,2
Interest income from subsidiaries	10,5	3,8
Interest income from Fujitsu companies	13,4	5,8
Finance income	67,0	82,7
Exchange losses	(41,0)	(72,1)
Interest expense to subsidiaries	(20,6)	(6,7)
Interest expense to Fujitsu companies	(11,6)	(5,5)
Finance costs	(73,2)	(84,3)
Net finance income / (costs)	(6,2)	(1,6)

6. Taxes

a) Income Taxes

Regarding income taxes we refer to the principles set out on note 15 of the Group financial statements.

	2024	2023
	€ m	€ m
Current tax income / (expense)	-	-
Current tax adjustment for prior years	(0,1)	-
Total current tax expense	(0,1)	-
Deferred tax income / (expense)	(2,5)	0,1
Total income tax income / (expense) in income statement	(2,6)	0,1

With effect from April 1, 2000, the Company entered a fiscal unity with Fujitsu Technology Solutions BV. The Company is jointly liable for the tax obligations of its subsidiary under the fiscal unity agreement.

b) Current tax assets and liabilities

The current tax asset of € 0.6 million (2023: € 0.4 m) relates to withholding tax.

Per March 31, 2024, there are no current tax liabilities in respect of current or prior years.

c) Deferred tax assets and liabilities

Regarding deferred taxes we refer to the principles set out on note 15 of the Group financial statements.

	2024		2023	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	€ m	€ m	€ m	€ m
Tax losses	-	-	2,0	-
Others	-	-	0,5	-
Deferred tax assets and liabilities	-	-	2,5	-
Deferred tax assets	-	-	2,5	-

Per March 31, 2024, deferred tax assets have been fully restricted due to an established five-year history of tax losses. It is unlikely that future taxable profit will be available within a foreseeable period (currently estimated at five years) within which the Company can utilize the associated tax benefits.

	2024		2023	
	Recognized in deferred tax asset	Not recognized in deferred tax asset	Recognized in deferred tax asset	Not recognized in deferred tax asset
	€ m	€ m	€ m	€ m
Tax losses available for carry forward	0.0	77.9	7.9	58.0
Deductible temporary differences	-	4.0	1.7	0.0
	0.0	81.9	9.6	58.0

The Company has an effective tax rate of -28,1 % (2023: 2,93 %) whereas an applicable tax rate is 25.80 % (2023: 25.80 %).

	2024	2023
	€ m	€ m
Expected tax (expense) / income	2,4	1,0
Prior years tax (expense)	(0,1)	-
Non-deductible expenses and tax exempt income	(1,9)	(0,4)
Non-recognition of deferred tax assets	(6,6)	(0,7)
Tax effect from the fiscal unity with other Dutch companies	3,6	0,2
Total	(2,6)	0,1
Actual tax (expense) / income	(2,6)	0,1

7. Financial assets

The following table provides details of financial assets as of the dates indicated:

	2024	2023
	€ m	€ m
Investments in subsidiary undertakings	352,3	375,6
Total financial assets	352,3	375,6

The following table shows the development of the investment book value as of the dates indicated:

Investments	Gross € m	Provision € m	Net € m
At April 1, 2023	545,3	(169,7)	375,6
Investments	17,5	-	17,5
Disposals	(4,1)	4,1	-
Impairment reversal	-	8,0	8,0
Impairment	-	(48,8)	(48,8)
At March 31, 2024	558,7	(206,4)	352,3
Investments	Gross € m	Provision € m	Net € m
At April 1, 2022	543,6	(202,1)	341,5
Investments	1,7	-	1,7
Disposals	-	-	-
Impairment reversal	-	38,1	38,1
Impairment	-	(5,7)	(5,7)
At March 31, 2023	545,3	(169,7)	375,6

In the fiscal year 2023/2024 the carrying amount of investments increased by € 17.5 million due to cash contribution to share premium regarding Fujitsu Technology Solutions B.V., Netherlands.

A reversal of impairment charge amounting to € 8.0 million with regard to Fujitsu Technology Solutions GesmbH, Austria has been recognized.

The investment in subsidiaries has been impaired by € 48.8 million regarding the following subsidiary undertakings: Fujitsu Technology Solutions B.V., Netherlands (€ 37.8 m), Fujitsu Technology Solutions S.A., Belgium (€ 8.9 m) and Fujitsu Technology Solutions Lda., Portugal (€ 2.1 m).

In the previous fiscal year a reversal of impairment charge amounting to € 38.1 million with regard to Fujitsu Technology Solutions S.A., Spain (2022: € 0.0 m) has been recognized. The impairment has been reversed as Fujitsu Technology Solutions S.A., Spain has recognized positive results in the previous years as well as due to positive future cash flow expectations.

In the previous fiscal year the investment in subsidiaries has been impaired by € 5.7 million regarding the following subsidiary undertakings: Fujitsu Technology Solutions Lda., Portugal (€ 3.5 m), Fujitsu Technology Solutions Single Member S.A.E., Greece (€ 1.7 m) and Fujitsu Technology Solutions (Luxembourg) S.A., Luxembourg (€ 0.5 m).

In the opinion of the Directors, the value of the investments in subsidiary undertakings is not less than the value at which it is stated in the Company's statement of financial position.

These investments relate entirely to subsidiary undertakings listed as follows, which are all consolidated in the Group financial statements.

Name of subsidiary	Incorporated in City/Province	Incorporated in Country	Proportion of value of issued shares		Proportion of value of issued shares	
			held by Group March 31,	held by Company March 31,	held by Group March 31,	held by Company March 31,
			2024	2024	2023	2023
			(%)	(%)	(%)	(%)
Fujitsu Technology Solutions GmbH	Munich	Germany	100,00	100,00	100,00	100,00



Name of subsidiary	Incorporated in City/Province	Incorporated in Country	Proportion of value of issued shares		Proportion of value of issued shares	
			held by Group March 31,	held by Company March 31,	held by Group March 31,	held by Company March 31,
			2024	2024	2023	2023
			(%)	(%)	(%)	(%)
Fujitsu Technology Solutions GesmbH	Vienna	Austria	100,00	100,00	100,00	100,00
Fujitsu Technology Solutions S.A.	Brussels	Belgium	100,00	100,00	100,00	100,00
Fujitsu Technology Solutions s.r.o. ¹⁾	Prague	Czech Republic	-	-	100,00	99,50
Fujitsu Technology Solutions Single Member S.A.E. ²⁾	Maroussi/ Athens	Greece	100,00	100,00	100,00	100,00
Fujitsu Technology Solutions S.A.2)	Casablanca	Morocco	99,99	99,99	99,99	99,99
Fujitsu Technology Solutions B.V.	De Meern	Netherlands	100,00	100,00	100,00	100,00
Fujitsu Technology Solutions Sp. z.o.o.	Warsaw	Poland	100,00	100,00	100,00	100,00
Fujitsu Technology Solutions S.A.	Madrid	Spain	100,00	100,00	100,00	100,00
Fujitsu Technology Solutions OOO ²⁾	Moscow	Russia	100,00	99,00	100,00	99,00
Fujitsu Germany GmbH ³⁾	Munich	Germany	100,00	-	100,00	-
Fujitsu Technology Solutions Sales Services GmbH	Berlin	Germany	100,00	100,00	100,00	100,00
Fujitsu Technology Solutions S.a.r.l. ²⁾	Algiers	Algeria	100,00	99,00	100,00	99,00
Fujitsu Services GmbH ⁴⁾	Munich	Germany	-	-	100,00	-
Fujitsu India Private Limited ⁵⁾	Bangalore	India	-	-	32,86	32,86
Fujitsu Technology Solutions SAS	Paris La Défense Cedex	France	100,00	100,00	100,00	100,00
Fujitsu Technology Solutions (Luxembourg) S.A.	Capellen	Luxembourg	100,00	100,00	100,00	100,00
Fujitsu Technology Solutions Lda.	Lisbon	Portugal	100,00	100,00	100,00	100,00
Fujitsu Systems (Europe) Ltd.	London	United Kingdom	100,00	100,00	100,00	100,00
Fujitsu TDS GmbH ⁶⁾	Neckarsulm	Germany	-	-	100,00	100,00



Name of subsidiary	Incorporated in City/Province	Incorporated in Country	Proportion of value of issued shares		Proportion of value of issued shares	
			held by Group March 31, 2024	held by Company March 31, 2024	held by Group March 31, 2023	held by Company March 31, 2023
			(%)	(%)	(%)	(%)
Fujitsu Technology Solutions AG	Regensdorf	Switzerland	100,00	100,00	100,00	100,00
Fujitsu Technology Solutions Sales Services S.L.	Cornella de Llobregat	Spain	100,00	-	100,00	-
ICT Information Communication Technology GmbH ²⁾	Aachen	Germany	100,00	-	100,00	-
Siemens IT Services (Pty.) Ltd. ^{2,7)}	Midrand	South Africa	100,00	100,00	100,00	100,00
Fujitsu Talent Belgium NV/SA	Anderlecht	Belgium	100,00	99,00	100,00	99,00
Societat Catalana per a la Mobilitat S.A. ⁸⁾	Barcelona	Spain	16,79	-	16,79	-
Fujitsu Technology Solutions S.R.L. ⁹⁾	Bucharest	Romania	-	-	100,00	100,00
Startkapital-Fonds Augsburg GmbH ²⁾	Augsburg	Germany	3,33	-	3,33	-

¹⁾ deregistered as of 26.03.2024

²⁾ in liquidation

³⁾ renamed from Fujitsu Technology Solutions Intellectual Property GmbH with effect as of 05.12.2023

⁴⁾ sold as of 31.01.2024

⁵⁾ share transfer as of 01.09.2023

⁶⁾ merged into Fujitsu Services GmbH with effect as of 19.6.2023

⁷⁾ no consolidation

⁸⁾ investment; no consolidation

⁹⁾ deregistered as of 21.07.2023

All of the above companies are incorporated in the country where the main place of business is situated and are engaged in the provision of IT products, solutions and services. The only exception is the subsidiary Fujitsu Systems (Europe) Limited which has its business in France and is incorporated in UK. All of the holdings are ordinary shares.

8. Other receivables and other current assets

The following table provides details of other receivables as of the dates indicated:

	2024	2023
	€ m	€ m
Receivables due from subsidiaries	460,9	338,1
Other receivables due from subsidiaries	3,6	5,4
Other receivables due from Fujitsu companies	0,8	1,3

	2024	2023
	€ m	€ m
Other receivables due from third party	0,1	0,5
Other receivables	465,4	345,3
Non-current	-	-
Current	465,4	345,3

The other receivables are mainly due within one year and are unsecured in nature. Receivables due from subsidiaries refer to receivables against Fujitsu Technology Solutions (Holding) B.V. group companies due to participation in cash pooling and comprise interest-bearing parts whereas the remaining items are noninterest-bearing. The increase is due to normal course of business. The other receivables are to be settled in cash within twelve months.

Other current assets	2024	2023
	€ m	€ m
Prepayments	0,4	1,0
Total other current assets	0,4	1,0

9. Current financial assets

The following table provides details of current financial assets as of the dates indicated:

	2024	2023
	€ m	€ m
Cash pooling receivables due from Fujitsu companies	258,2	320,7
Derivatives	2,5	6,5
Current financial assets	260,7	327,2

In the fiscal year 2023/2024 cash pooling receivables due from Fujitsu companies decreased by € 62.5 million.

The decrease of derivatives is mainly caused by smaller EURUSD forward book in FY 2023.

10. Cash and cash equivalents

The following table provides details of cash and cash equivalents as of the dates indicated:

	2024	2023
	€ m	€ m
Bank current accounts	9,8	11,2
Cash and cash equivalents	9,8	11,2

In the fiscal year 2023/2024, the decrease in cash and cash equivalents is due to the normal course of business.

The amount of cash held in current accounts this year and the previous year was freely available.

11. Shareholders' equity

Statement of changes in equity from March 31, 2023 to March 31, 2024 is shown on page 121.

Equity in the Company differs from that reported in the consolidated statement of changes in equity of the Group because the investment in subsidiaries is carried at cost less provision for impairment recognized by the Company (see Note 7 of the financial statements of the Company).

In the statement of financial position of the Company, other equity amounting to (€ 241.9 million) comprises retained earnings of (€ 146.9 million) as well as the unappropriated result in the amount of (€ 95.0 million).

The difference between the company-only and consolidated equity amounts to € 947.2 million and can be mainly explained by the difference in net result for the year and the OCI.

	2024	2023
	€ m	€ m
Difference on April 1, 2023	600,9	583,5
Difference in net result 2023/2024	345,5	18,3
Difference in OCI 2023/2024 and other changes in equity	0,8	(0,9)
Difference on March 31, 2024	947,2	600,9

Appropriation of results

Appropriation of result for the year 2023

The financial statements for the reporting year 2023 have been adopted by the General Meeting on September 28, 2023. The General Meeting has adopted the appropriation of result for the year 2023 as proposed by the Board of Directors.

Proposal for appropriation of result for the year 2024

The Board of Directors proposes that the result for the year to March 31, 2024, is allocated to retained earnings.

12. Non-current provisions

In the current fiscal year onerous contract provisions amounting to € 2.1 million have been recognized for guarantees issued to customers (2023: € 2.2 m).

13. Other current liabilities

The following table provides details of other current liabilities as of the dates indicated:

	2024	2023
	€ m	€ m
Amounts payable due to subsidiaries	596,9	606,4
Amounts payable due to Fujitsu companies	1,2	4,0
Other liabilities	3,4	2,9
Other current liabilities	601,5	613,3

No assets have been pledged as security in respect of any of these liabilities. The other current liabilities are unsecured in nature and they are to be settled in cash within twelve months despite € 1.5 million relating to payables due to purchase price adjustments. Amounts payable to subsidiaries refer to payables against Fujitsu Technology Solutions (Holding) B.V. group companies due to participation in cash pooling and comprise interest-bearing parts whereas the remaining items are non-interest-bearing.

14. Current financial liabilities

The following table provides details of current financial liabilities as of the dates indicated:

	2024	2023
	€ m	€ m
Cash pooling payables due to Fujitsu companies	320,9	233,4
Derivatives	2,4	5,7
Current financial liabilities	323,3	239,1

In the fiscal year 2023/2024 cash pooling payables due to Fujitsu companies increased by € 87.5 million.

The decrease of derivatives is mainly caused by smaller EURUSD forward book in FY 2023.

15. Current provisions

In the fiscal year 2023/2024, other provisions concern potential customer claims of € 0.1 million (2023: € 0.0 m).

16. Contingent liabilities

The Company has given guarantees to suppliers, customers, and government agencies on behalf of a number of its subsidiaries as well as Group internal guarantees and letters of continuing financial support to subsidiary undertakings.

As of March 31, 2024 these guarantees amounted to € 259.4 million (2023: € 265.0 m). Letters of continuing financial support are granted to certain subsidiaries listed in Note 7 to ensure that these entities can contribute to operate as going concern.

Contingent liabilities are not recognized in the statement of financial position of the Company as the likelihood of an outflow of resources is not considered probable.

The Company's policy on foreign exchange risk management and related exposures is given in Note 29 of the consolidated financial statements.

As stated in Note 6, the Company is jointly liable for the tax obligations of Fujitsu Technology Solutions B.V. under the fiscal unity agreement.

17. Financial instruments

Regarding credit risk, liquidity risk, market risk and interest risk we refer to the principles set out in Note 29 of the Group's consolidated financial statements. The qualitative disclosures on the financial instruments in the consolidated statements apply analogously to the Company financial statements, if not stated otherwise.

The table below analyses the Company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groups based in the remaining period at the statement of financial position to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying amount		from 2024 on
	€ m	€ m	€ m
Amounts payable due to subsidiaries and Fujitsu companies	598,1	598,1	-
Other liabilities	3,4	3,4	-
Current financial liabilities	-	-	-
Cash pooling payables due to Fujitsu companies	320,9	320,9	-
Derivatives	2,4	2,4	-
Other payables	924,8	924,8	-
	2023 Carrying amount	Cashflows	Cashflows from 2023 on
	€ m	€ m	€ m
Amounts payable due to subsidiaries and Fujitsu companies	610,4	610,4	-

	2023 Carrying amount	Cashflows	Cashflows from 2023 on
	€ m	€ m	€ m
Other liabilities	2,9	2,9	-
Current financial liabilities	-	-	-
Cash pooling payables due to Fujitsu companies	233,4	233,4	-
Derivatives	5,7	5,7	-
Other payables	852,4	852,4	-

Carrying amounts and fair values by accounting classification

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

	2024	Carrying amounts recognized in balance sheet according to IFRS 9		2024
	Carrying amount	Financial assets/liabilities measured at amortized cost	Financial assets/liabilities measured at FVTPL	Total
	€ m	€ m	€ m	€ m
Assets				
Financial assets measured at amortized cost				
Cash and cash equivalents	9,8	9,8	-	9,8
Other receivables w/o derivatives	465,4	465,4	-	465,4
Cash pooling receivables due from Fujitsu companies	258,2	258,2	-	258,2
Financial assets measured at fair value				
Derivatives	2,5	-	2,5	2,5
Liabilities				
Financial liabilities measured at amortized cost				
Amounts payable due to subsidiaries and Fujitsu companies	598,1	598,1	-	598,1
Other liabilities	3,4	3,4	-	3,4
Current financial liabilities	-	-	-	-
Cash pooling payables due to Fujitsu companies	320,9	320,9	-	320,9
Financial liabilities measured at fair value				
Derivatives	2,4	-	2,4	2,4



	2023			2023
	Carrying amount	Carrying amounts recognized in balance sheet according to IFRS 9		Total
		Financial assets/liabilities measured at amortized cost	Financial assets/liabilities measured at FVTPL	
	€ m	€ m	€ m	€ m
Assets				
Financial assets measured at amortized cost				
Cash and cash equivalents	11,2	11,2	-	11,2
Other receivables w/o derivatives	345,3	345,3	-	345,3
Cash pooling receivables due from Fujitsu companies	320,7	320,7	-	320,7
Financial assets measured at fair value				
Derivatives	6,5	-	6,5	6,5
Liabilities				
Financial liabilities measured at amortized cost				
Amounts payable due to subsidiaries and Fujitsu companies	610,4	610,4	-	610,4
Other liabilities	2,9	2,9	-	2,9
Current financial liabilities	-	-	-	-
Cash pooling payables due to Fujitsu companies	233,4	233,4	-	233,4
Financial liabilities measured at fair value				
Derivatives	5,7	-	5,7	5,7

Cash and cash equivalents, other receivables, short term loans and external term deposits as well as payables to subsidiaries and Fujitsu companies, other liabilities and current financial assets have short-term maturities. For this reason the carrying amounts at the reporting date approximate the fair values.

Net gains and losses by accounting classification

	From Interests	From subsequent measurement		
		At fair value	Currency Translation	Impairment / reversal of impairment
	€ m	€ m	€ m	€ m
Financial assets and liabilities measured at amortized cost	(7,8)	-	1,6	-
Financial assets and liabilities measured at FVTPL	-	-	-	-
Total Net gain / (loss)	(7,8)	-	1,6	-

	From derecognition	Net gain / (loss)	Net gain / (loss)
		2024	2023
	€ m	€ m	€ m
Financial assets and liabilities measured at amortized cost	-	(6,2)	(1,6)
Financial assets and liabilities measured at FVTPL	-	-	-
Total Net gain / (loss)	-	(6,2)	(1,6)

The following summarizes the major methods and assumptions used in estimating the fair values of the financial instruments reflected in the table above.

The fair value of financial assets measured at fair value through profit or loss are determined by reference to their quoted bid price at the reporting date.

As for the investments no quoted bid price is available, they are accounted at cost. The fair value is determined by using the discounted cash flow method.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated in a first step by discounting the cash flow using a market interest rate, in a second step by translating the foreign currencies in the Group currency and in a third step by calculating the difference between the results of the two steps.

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. The fair value of other liabilities equals the amortized costs.

Financial instruments measured at fair value are allocated to different measurements levels in accordance with IFRS 7.

Fair value hierarchy 2024	Level hierarchy in accordance with IFRS 7		
	Level 1	Level 2	Level 3
	2024	2024	2024
	€ m	€ m	€ m
Derivatives (assets)	-	2,5	-
Derivatives (liabilities)	-	2,4	-
Fair value hierarchy 2023	Level hierarchy in accordance with IFRS 7		
	Level 1	Level 2	Level 3
	2023	2023	2023
	€ m	€ m	€ m
Derivatives (assets)	-	6,5	-
Derivatives (liabilities)	-	5,7	-

Sensitivity analysis

A 10 % weakening of the Euro against the following currencies at March 31, 2024 would have decreased (increased) the loss of the fiscal year 2023/2024 by the amounts shown below:

	2024	2023
	€ m	€ m
GBP	10,0	8,6
SEK	3,4	3,2
USD	3,0	-

A 10 % strengthening of the Euro against the following currencies at March 31, 2024 would have increased (decreased) the loss of the fiscal year 2023/2024 by the amounts shown below:

	2024	2023
	€ m	€ m
GBP	12,2	10,5
SEK	4,1	3,9
USD	3,7	-

18. Fees of the auditor

The audit work charged by the auditor Ernst & Young Accountants LLP in relation to the Company alone amounted to € 0.1 million (2023: € 0.1 m). This amount does not include any Ernst & Young services provided outside The Netherlands. Tax advisory services and other non-audit services were not provided by Ernst & Young to the Company.

Fees on FTS Group level relating to professional services rendered by the Company's principal accounting and audit service provider, Ernst & Young, amounted to € 2.6 million (2023: € 2.5 m) and € 1.7 million for other non-audit related services and support services (2023: € 1.8 m).

19. Related parties

Since April 1, 2009 Fujitsu holds 100 % of the shares.

The Company has a related party relationship with its shareholder, its subsidiaries and jointly controlled entities and with directors and executive officers of the subsidiaries of the Group. During the year under review the Company had transactions with the subsidiaries of the Company due to treasury activities which are remunerated at normal commercial terms. The Company does not have transactions with its shareholder and / or its subsidiaries (other than subsidiaries of the company).

The shareholder of the Company, Fujitsu Limited, Kanagawa, has provided an internal letter of continuing financial support to the Company dated July 19, 2024. The support will be provided for a period of at least 18 months from the balance sheet date, or 12 months from the date of the auditor's opinion on the statutory accounts of the Company and its subsidiaries, whichever is later, and if required, the letter will be renewed for a further period as defined above. Based on this agreement the Management of the Company believes in the ability to continue as a going concern.

The Company has provided a Comfort Letter to Fujitsu Technology Solutions GmbH, Germany, to Fujitsu Germany GmbH, Germany and an irrevocable Letter of Support to Fujitsu Technology Solutions GesmbH, Austria to enable its subsidiaries to prepare their financial statements on a going concern basis.

Emoluments of key management personnel, including directors

	2024	2023
	€ m	€ m
Short-term benefits	0,8	0,8
Share-based payment	0,5	0,8
Total compensation paid to key management personnel	1,3	1,6

Key management personnel (KMP) are those having both authority and responsibility for planning, directing and controlling the activities of the Group, represented primarily by the directors and only additional personnel with a similar span of authority and management responsibility across the Group. KMP are supported by a wider group of Fujitsu Global Corporate and Global Delivery specialists, drawn from Fujitsu's extensive global matrix organization; local country managers, regional business leaders, and shareholder representatives, all of whom contribute to achievement of the Group's strategic, operational and governance activities in accordance with specific authorities delegated by the Board.

The company employs one employee in the current as well as prior year.

In accordance with the terms of the pension plan, former directors and executive officers are entitled to receive pension payments at the date of retirement earliest at the age of 60. In fiscal year 2023/2024 € 0.2 million have been paid (2022/2023: € 0.2 m). The current board members are not entitled to receive any pension payments.

Remuneration of the Board of Directors



Remuneration of executive directors includes all amounts paid by the Group and an allocation of remuneration paid by any fellow Fujitsu group company in respect of services provided to the Group, on an estimated apportionment basis. Details of total remuneration is presented in the table above for both the current and comparative year. Non-executive directors do not receive remuneration from the Group for their services. No allocation of remuneration paid by the Group's parent company or fellow Fujitsu group companies is made as these services are not considered to be significant in the context of the scope of their global or corporate roles in the Fujitsu group.

20. Subsequent events

At the Fujitsu Limited Board meeting held on 28 March 2024, it was concluded to make business and legal responsibilities clearer and improve efficiency by separating the legal entities of Europe into Service and Product business. For this purpose, it is intended to establish new companies in Europe for Product business to transfer the Product business from existing Europe entities. Further, it is intended to integrate Services business entities under one single Holding Company. In this regard Fujitsu Technology Solutions GmbH disposed Fujitsu Germany GmbH to Fujitsu Technology Solutions (Holding) B.V. on October 1, 2024. The purchase price amounts to € 210.0 million. Furthermore Fujitsu Technology Solutions (Holding) B.V. disposed Fujitsu Technology Solutions GesmbH, Austria to Fujitsu Technology Solutions GmbH, Germany on October 1, 2024. The purchase price amounts to € 8.0 million.

Approved by the Board of Directors

January 27th, 2025

Paul Patterson

Christian Leutner

Mikihito Saito

Other Information

Distributions in accordance with the Articles of Association

Article 19

1. Out of the profits as determined in the Annual Accounts the General Meeting shall, on a proposal of the Board of Management or otherwise, determine the amounts which shall be allocated to the Company's reserve. The remainder shall be the dividend.
2. The Company may pay dividends only if and to the extent that the Company's shareholders equity exceeds the aggregate of its paid up share capital (including calls made) and the amount of such reserves as it is required to maintain by statute or by these Articles of Association.
3. Insofar as the Company has made an interim profit, and subject to the approval of the General Meeting, the Board of Management may decide to pay an interim dividend, provided always that paragraph 2 of this Article is complied with.
4. Dividends (including interim dividends for the purposes of this paragraph) shall be made payable from the date the dividend is declared, unless the resolution concerned shall provide for a different date.

Independent auditor's report

To: the shareholder and the board of directors of Fujitsu Technology Solutions (Holding) B.V.

Report on the audit of the financial statements ending on 31 March 2024 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended 31 March 2024 of Fujitsu Technology Solutions (Holding) B.V. based in Amsterdam.

The financial statements comprise the consolidated and company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Fujitsu Technology Solutions (Holding) B.V. as at 31 March 2024 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union (EU-IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying company financial statements give a true and fair view of the financial position of Fujitsu Technology Solutions (Holding) B.V. as at 31 March 2024 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated and company financial statements comprise:



- the statement of financial position as at 31 March 2024
- the following statements for the year then ended: the statement of profit and loss, the statements of comprehensive income, changes in equity and cash flows
- the notes comprising material accounting policy information and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Fujitsu Technology Solutions (Holding) B.V. (the company) in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the board of directors exercises oversight, as well as the outcomes.

We refer to Section ' Internal Audit, Risk Management, legal structure and reporting structure' of the report of the board of directors for the board of directors' risk assessment after consideration of potential fraud risks.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct (the Fujitsu Way and the Global Business Standards), whistle blower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 2 to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. We considered among other things the company's revenue targets and their realization. We designed and performed our audit procedures relating to revenue recognition responsive to this presumed fraud risk.

We considered available information and made enquiries of relevant management, executives, legal, compliance and the board of directors.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations



We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and have been informed by management that there was no correspondence with regulatory authorities and remained alert to any indication of (suspected) noncompliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

The board of directors made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future. As disclosed in the section 'Going concern' in Note 1c to the financial statements, as well as in the report of the board of directors. The shareholder, Fujitsu Limited, Kanagawa, has provided an internal letter of continuing financial support to the Company dated 19 July 2024. The support will be provided for a period of at least eighteen months from the balance sheet date, or twelve months from the date of the auditor's opinion on the statutory accounts of the Company and its subsidiaries, whichever is later, and if required, the letter will be renewed for a further period as defined above. The financial statements have been prepared on a goingconcern basis.

We discussed and evaluated the specific assessment with the board of directors exercising professional judgment and maintaining professional skepticism. We read the comfort letter and evaluated whether Fujitsu Limited, Kanagawa, would be able to fulfill the commitments.

We considered whether board of director's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company'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 financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. 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 a company to cease to continue as a going concern.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of the board of directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRSs and] Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.



We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Communication

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

Amsterdam, January 27th, 2025

EY Accountants B.V.

T. Wiffrie