

Fujitsu A/S

Lautrupvang 1, 2750 Ballerup

Company reg. no. 86 63 16 28

Annual report

1 April 2023 - 31 March 2024

The annual report was submitted and approved by the general meeting on the 7 October 2024.

DocuSigned by:

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Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Fujitsu A/S for the financial year 1 April 2023 - 31 March 2024.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

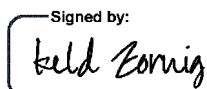
We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2024 and of the results of the Company's operations for the financial year 1 April 2023 – 31 March 2024.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

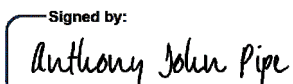
We recommend that the annual report be approved at the Annual General Meeting.

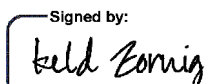
Ballerup, 7 October 2024

Managing Director

Signed by:

966E86849F7B4A2...
Keld Zornig

Board of directors

Signed by:

1C4A7D09725545B...
Anthony John Pipe

Signed by:

966E86849F7B4A2...
Keld Zornig

Signé par :

9F542FEDC1754E6...
Jean-Marc Chammas

Independent auditor's report

To the Shareholders of Fujitsu A/S

Opinion

We have audited the financial statements of Fujitsu A/S for the financial year 1 April – 31 March 2024, which comprise income statement, balance sheet, statement of changes in equity, and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2024 and of the results of the Company's operations for the financial year 1 April – 31 March 2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to 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. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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

Statement on the Management's Review

Management is responsible for the Management's Review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 7 October 2024

EY Godkendt Revisionspartnerselskab
Company reg. no. 30 70 02 28



Mogens Andreasen
State Authorised Public Accountant
mne28603



Jacob Thøgersen
State Authorised Public Accountant
mne49102

Company information

The company	Fujitsu A/S	
	Lautrupvang 1	
	2750 Ballerup	
	Company reg. no.	86 63 16 28
	Financial year:	1 April - 31 March
Board of directors	Anthony John Pipe	
	Keld Zornig	
	Jean Marc Chammas	
Managing Director	Keld Zornig	
Auditors	EY Godkendt Revisionspartnerselskab	
	Dirch Passers Allé 36	
	2000 Frederiksberg	

Financial highlights

DKK in thousands.	<u>2023/24</u>	<u>2022/23</u>	<u>2021/22</u>	<u>2020/21</u>	<u>2019/20</u>
Income statement:					
Revenue	334.693	592.095	478.383	714.510	743.115
Gross profit	-46.818	109.923	133.740	168.232	196.185
Profit from operating activities	-276.030	-56.731	-53.196	-22.309	7.363
Net financials	-3.377	-3.087	381	2.670	-1.278
Net profit or loss for the year	-279.851	-61.025	-52.815	-19.639	584
Statement of financial position:					
Balance sheet total	64.373	200.918	183.213	277.529	318.346
Investments in property, plant and equipment	5.320	5.495	2.684	5.675	5.190
Equity	-179.290	-26.439	34.586	87.401	107.040
Employees:					
Average number of full-time employees	159	187	202	215	221
Key figures in %:					
Gross margin ratio	-14,0	18,6	28,0	23,5	26,4
Profit margin (EBIT-margin)	-82,5	-9,6	-11,1	-3,1	1,0
Solvency ratio	-278,5	-13,2	18,9	31,5	33,6

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

$$\text{Gross margin ratio} = \frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

$$\text{Profit margin (EBIT margin)} = \frac{\text{Operating profit or loss (EBIT)} \times 100}{\text{Revenue}}$$

$$\text{Solvency ratio} = \frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

Management's review

Key Activities of the Company

Fujitsu A/S is part of the world's seventh-largest global IT service and technology company, headquartered in Japan. The Fujitsu Group's total revenue for the fiscal year 2023/24 was 3,756 billion YEN (approximately DKK 171 billion), compared to 3,714 billion YEN in 2022/23 (approximately DKK 169 billion). The Group's total net income after taxes for the year amounted to 267 billion YEN (approximately DKK 12 billion), compared to 245 billion YEN in 2022/23 (approximately DKK 11 billion). The Group employs approximately 130,000 people and is represented in over 50 countries and regions.

Fujitsu's Danish business activities are consolidated in the company Fujitsu A/S, which is a wholly owned subsidiary of Fujitsu Services Holding BV (NL).

Fujitsu A/S has employed an average of 159 employees in 2023/24. The company's employees primarily work from two locations in Denmark: Ballerup in Greater Copenhagen, which is the base for approximately 60% of the company's employees, and Hasselager near Aarhus, which is the base for approximately 40% of the workforce. The company also has activities in Nuuk, Greenland, where approximately 4 employees work.

Development of Activities and Financial Performance

In the fiscal year 2023/2024, Fujitsu has changed its strategy and has focused on restructuring the Danish company due to the lack of scale in several segments of the business and to create the foundation for a satisfactory return for the Group.

This has meant that the company has closed several activities and business units, such as the business with a focus on ServiceNow. The company is still in the process of shutting down operations, including managed service out of its own data centre, which is expected to be completed in the current fiscal year. In the same connection, the number of employees has been significantly reduced. Affected customers have of course been informed.

The above-mentioned restructuring has resulted in a significant decrease in revenue, as well as significant non-recurring costs, which of course have had a negative impact on the result this year and this will also affect the revenue outlook for next year.

Fujitsu is, based on the Global focus on Uvance, considering the future strategy and set-up in Denmark. The focus for the fiscal year 2024/2025 is on the eDoc and ERP businesses.

As a result of the changes to the business structure and the revised outlook for the business going forward, management has taken the necessary provisions and write-downs to ensure that the financial statements published for Fujitsu Denmark accurately reflect the business situation and positions the business for improved financial performance going forward.

The result is fully in line with the parent company's expectations and Fujitsu is fully behind the Danish subsidiary and is committed to supporting the ongoing liquidity of Fujitsu A/S to underpin the continued operation of the business and delivery of services to our customers.

Management's review

Fujitsu A/S has paid DKK 444,000 in taxes to Greenland in the fiscal year 2023/24 due to a profitable business in Greenland.

The Financial Statements are prepared on a going concern basis, which the Directors have assessed to be appropriate. The Company utilises intercompany credit facilities, in line with the Fujitsu group's Treasury and Cash Management policy operated through Fujitsu Limited's European financial services subsidiary, Fujitsu EMEA PLC (FEP) and Fujitsu Technology Solutions Holding B.V (FTSHBV) which operates the European in-house bank cash-pooling arrangement. This is the primary source of liquidity for the Company and enables it to meet its financial obligations as they fall due.

The borrowing facilities extended by Fujitsu Limited through FEP ensure that FSH and FTSHBV group companies are able to ensure liquidity is maintained on an ongoing basis.

The Fujitsu Services Group works closely with FEP and FTSHBV to plan and monitor cashflow requirements for group companies throughout the year and group borrowing facilities are reviewed and agreed semi-annually. Fujitsu Limited has also confirmed continued availability of these financial facilities in a Letter of Support issued to the Board of Fujitsu Services Holdings PLC, dated 25 September 2024. This Letter is renewed annually by Fujitsu Limited and covers a future period of 12 months from the date of approval of the annual financial statements of each group company. This year it also recognises continuity of financial support for Fujitsu Services Group companies that remain wholly owned subsidiaries of Fujitsu Limited in the event of a change of intermediate holding company within the Fujitsu Group.

In their assessment of whether the going concern basis remains appropriate for the preparation of financial statements for the Company, the Directors have considered all available forward-looking information for the period of 12 months from the date of approval of these financial statements, and the ability of Fujitsu Limited to provide parental support, and have concluded that sufficient funds will be available to meet liabilities as they fall due during that time, up to and including 30 September 2025.

The company has lost more than 50% of its share capital as of March 31, 2024, and is therefore subject to the capital loss rules of the law. The matter has been addressed, and the possibility of re-establishing the share capital through a capital increase from the parent company is being explored.

Result for the Year

Revenue has decreased from DKK 592 million in the fiscal year 2022/23 to DKK 335 million in 2023/24. The result for the year 2023/24 before tax ended at -279.407 thousand DKK, compared to -59,818 thousand DKK in 2022/23.

The expected revenue and result for 2023/24 mentioned in the annual report for 2022/23 has not been achieved. This is primarily due to the circumstances described in the section "Development of Activities and Financial Performance".

Management's review

Expected Development

The implementation of the new strategy described in the section "Development of Activities and Financial Performance" will also affect the company's financial performance for the fiscal year 2024/25. Therefore, Fujitsu A/S expects to deliver a result before tax in the coming fiscal year at the level of 2022/23, corresponding to -70 to -80 million DKK. Furthermore, it is expected that revenue for the fiscal year 2024/25 will fall to approximately 100-150 million DKK.

Fujitsu is fully behind the Danish subsidiary and is committed to supporting the ongoing liquidity of Fujitsu A/S to underpin the continued operation of the business and delivery of services to our customers.

Events After the End of the Fiscal Year

No events have occurred that significantly affect the company's financial position as of March 31, 2024.

Financial Risks and Use of Financial Instruments

General Risks

Fujitsu A/S's IT-based business solutions for both the public and private sectors are sensitive to economic fluctuations. To reduce short-term risk, Fujitsu A/S works with a portfolio of shorter and longer contracts with customers.

Project Risks

The most significant business risk for Fujitsu A/S is irregularities in connection with project deliveries. Therefore, Fujitsu A/S's operational risk management focuses on managing the relationships and causes in individual delivery projects. For the assessment and management of business risks in major delivery projects, the company uses a risk management model that is an integrated element in the process from sales to delivery. Ongoing follow-up of the risk assessment takes place as the delivery is completed.

Currency Risks

Currency risks are limited for Fujitsu A/S, as the vast majority of the company's activities are delivered to customers in Denmark and are generally settled in Danish kroner. Transactions with foreign countries are always sought to be carried out and settled in EUR, which is why the company has a very limited currency risk. Fujitsu A/S has a high awareness of the need for hedging in volatile currencies or other financial instruments and will explore the need if it becomes necessary to enter into agreements of a significant nature that cannot be traded in DKK or EUR.

Credit Risks

Credit risks are limited due to the company's policy of not taking on significant risks in relation to individual customers or partners. Furthermore, ongoing credit assessments are carried out of all customers, subcontractors, and partners. If the credit risk on individual customers is assessed as high, credit insurance or guarantee measures are used to minimize risks.

Management's review

Research and Development Activities

Research and development activities has been very limited in this fiscal year 2023/24. This is primarily due to the completion of all major development projects in the preceding 2022/23 fiscal year, and a subsequent company focus on the improvement and maintenance of existing solutions rather than new development, as a result of the previously mentioned restructuring. Furthermore, all intangible development projects have been written down as per year-end 2023/24.

Branches Abroad

The company's branch in Greenland, with an office in Nuuk, primarily aims to provide consulting and service services to public and private customers in Greenland.

Statement on Corporate Social Responsibility in accordance with the Annual Accounts Act § 99a

At Fujitsu, we take our social responsibility seriously both globally and locally.

This is supported by Fujitsu's international strategy and vision, which is based on, among other things, the UN's 17 Sustainable Development Goals. Globally, we have defined "The Fujitsu Way", which is a combined strategy and guidelines for our purpose, values, and code of conduct, including Fujitsu's CSR policy: www.fujitsu.com/global/about/philosophy/

For further information about Fujitsu's international strategy and vision, the following website can be accessed: www.fujitsu.com/global/about/philosophy/

Fujitsu A/S's statutory statements on corporate social responsibility and gender distribution in management, in accordance with the Annual Accounts Act § 99a and § 99b, are written in this annual report.

The Company's Employees and Management

Fujitsu A/S develops, implements, and delivers complex IT solutions to a wide range of private and public customers. Fujitsu A/S's delivery to customers is highly dependent on the employees' skills, commitment, and experience, which is why employees are considered the company's most important asset. Thus, our most significant risk in relation to employee relations is that we are not able to attract the right candidates. We therefore work purposefully to recruit and retain the most skilled profiles, while ensuring development opportunities and good working conditions for all our employees.

Fujitsu has several ongoing employee satisfaction surveys, including 'Glint', which is conducted annually and gives us the opportunity to identify where we are strong and where we can improve. The employee satisfaction survey, which was conducted in the current fiscal year, shows overall satisfaction among our employees.

Management's review

Fujitsu has a results-oriented culture, and our 'Performance Management' system ZinZai focuses on setting clear goals and developing skills and behaviour. Therefore, development interviews are held every quarter between employee and manager. At Fujitsu, we believe that we create motivation and success through dialogue and feedback, and ongoing 1:1 meetings are held between managers and employees.

Employee development takes place through talent development programs. We give employees challenging tasks but also ensure elbow room to perform these tasks.

Statement on Environment and Climate

Fujitsu follows the vision of contributing positively to sustainable development through our technologies, which largely involve contributing to creating a better future, including reducing energy consumption. Our technologies are used, for example, in our own data centers, which therefore contribute to lower energy consumption. In the financial year it has resulted in contributing to lowering our energy consumption. This is also on the agenda when we talk to customers, whom we help to create sustainable development in the environment and climate through investments in IT technology and operations.

Internally, we are constantly working to reduce energy consumption. This applies to both operational areas such as data centers and administration, where energy-saving initiatives for office workplaces are continuously being implemented.

There is no production of material products at Fujitsu A/S, and the most significant risks of negatively impacting the environment relate to energy consumption from operating data centers and offices, as well as employee transportation. New areas of focus are continuously evaluated in both the local environmental organization and the global organization to ensure a focus on improvements and sustainable development.

Finally, Fujitsu A/S's Environmental Committee and Responsible Business group continuously hold events throughout the year, such as World Clean-up Day, toy collection donated to charity, celebration of "Human Rights Day", etc.

Statement on the Local Community

Fujitsu A/S actively participates in the local community. The following initiatives are examples. The initiatives naturally help both the local community but also have a positive effect on the employees' well-being and commitment.

- "Adoption Class" in collaboration with Ballerup Municipality. The project involves participating companies giving their "Adoption Class"/students a problem, which in our case was how to make Fujitsu's headquarters even more sustainable. Fujitsu provides facilities and resources, as well as feedback to the young people.
- Donations and collections for charitable organizations, e.g. the Danish Red Cross for the benefit of victims of the war in Ukraine.
- Fujitsu A/S collaborates with canteen suppliers on initiatives to reduce food waste.

Management's review

Statement on Working Environment, Including Human Rights

Fujitsu recognizes the importance of actively working with human rights, which involves complying with several international standards. It also means that there are often global investigations into compliance with the 'United Nations Guiding Principles on Business and Human Rights', so that continuous improvement measures are being implemented. Fujitsu A/S will continue its work in 2024/25 with the five key areas and will continue to require employees to participate in mandatory webinars and tests regarding "The Fujitsu Way". Fujitsu A/S is inspired by Fujitsu Group's work in this area. The following statement reflects how Fujitsu A/S lives up to Fujitsu Group's commitment.

There are five key areas within Fujitsu Group's CSR policy that are focus areas for Fujitsu.

- Fujitsu intends to actively participate in connecting the world's people with a focus on security, so that individuals can fulfil their dreams.
- Through its ICT knowledge, Fujitsu will actively participate in protecting the environment.
- Fujitsu always works to accommodate diversity. Thus, the focus is not to discriminate based on gender, race, religious affiliation, sexual orientation, or physical disability when hiring personnel.
- Fujitsu trains its staff to contribute positively to society. This is primarily done through Fujitsu's own internal "next generation business leaders development program".
- Fujitsu will communicate and collaborate with stakeholders in society so that employees gain a good understanding of understanding different needs as soon as business is done.

The above are the five key areas described in Fujitsu's global CSR policy and therefore also the areas that Fujitsu A/S intends to focus on where they are represented. The most significant risks of violating human rights are in the supply chain. This risk is attempted to be reduced as much as possible for example by internal controls such as all suppliers need to go through our internal approval procedure "3PDD" before we enter into cooperation with any suppliers. This procedure for example consists of information and documentation provided by the Fujitsu employee responsible for the cooperation with the supplier as well as a questionnaire and sworn statement provided directly by the supplier.

In connection with the 2023/2024 CSR reporting from Fujitsu Group, communication is provided about compliance with the stated goals for the five key areas. Fujitsu A/S's employees are also required to participate in mandatory webinars and tests regarding "The Fujitsu Way". Initiatives like these have resulted in a high response rate in 2023/2024 due to the mandatory participation requirement.

Fujitsu is an international organization that works across many different countries. This is also reflected in the Danish organization, where we have employees from different cultures and ethnic backgrounds. This is in line with our focus areas.

Statement on Corruption and Bribery

Fujitsu A/S is subject to Fujitsu Group's rules and policies regarding corruption and bribery. This is handled both in relation to the individual employee, in relation to customer handling, and in relation to the suppliers that Fujitsu A/S uses. A compliance officer has been appointed who is responsible for handling these matters locally in Denmark. Fujitsu A/S tolerates no form of bribery or corruption.

Management's review

Fujitsu A/S has not had any cases of corruption in the fiscal year 2023/24.

Fujitsu A/S recognizes the risk of future corruption and bribery cases, which is why active work is continuously being carried out to improve the company's control environment. In addition, internal awareness campaigns have been conducted for employees in the fiscal year 2023/24. We will continue with this in the future.

Statement on the Gender Composition of Management in accordance with the Annual Accounts Act § 99b

The company has three members on the board of directors, all of whom are elected at the general meeting. The three general meeting-elected board members consist of three men, whereas the underrepresented gender is 0%. Thus, the goal of having at least one of each gender represented has not been met. Since the shareholders only elect three board members, there is a risk that it may also be difficult in the future to achieve representation of both genders on the board while maintaining strong knowledge about the company on the board. However, the shareholder is aware that there is currently no representation of both genders on the board. Fujitsu A/S has a goal of fulfilling our gender quota of 33% at the latest at the general meeting in 2026. In the financial year, there were no changes to the Board of Directors but we have established clear and transparent criteria for board nominations that emphasize the importance of diversity and actively consider qualified female candidates in the selection process.

At other management levels, it is the company's policy that the best qualified person should be appointed to each position, while at the same time we want to maintain an inclusive workplace and believe that balanced gender representation at management level strengthens the company's synergies, creativity, and development.

The total number of the other management is 23, whereas the underrepresented gender is 22%. The target figure is 50% in 2026, despite the fact that the IT industry is largely a male-dominated industry.

To live up to our equality policy, we have a goal of having both genders represented as candidates in our recruitment process, as well as a focus on ensuring that everyone has equal opportunities for promotion, whether it be specialist or managerial positions. In the financial year this policy was followed for the other management. There were no changes in the other management in the financial year.

Furthermore, we focus on identifying internal talents, across genders, and offer, among other things, coaching, participation in networks, and formal leadership training.

Management's review

Highest management level*	2023/24
Total number of members	3
Underrepresented gender in pct.	0 %
Target figure in pct.	33 %
Year for fulfilment of target figure	2026

Other management level**	2023/24
Total number of members	23
Underrepresented gender in pct.	22 %
Target figure in pct.	50 %
Year for fulfilment of target figure	2026

*) The highest management level (Top managerial positions) consists of the company's board of directors elected by AGM.

**) Other management levels consist of managers in the First management level which is the executive board and persons on the same organizational management level (CLT) and Second management level which is persons with staff responsibilities, who refer directly to first management level (ELT).

Statement on the Company's Data Ethics Policy in accordance with the Annual Accounts Act § 99d

Currently, management has not assessed that a data ethics policy is necessary. We primarily work with other companies, and the data collected is of an administrative nature. We do not deal with personal data and do not use artificial intelligence or similar to create profiles of potential customers, employees, or others.

Income statement 1 April - 31 March

DKK thousand.

Note	2023/24	2022/23
6 Revenue	334.693	592.095
Other operating income	1.667	1.366
Cost of sales	-205.566	-414.619
Other external expenses	-177.612	-68.919
Gross profit	-46.818	109.923
7 Staff costs	-146.976	-155.156
8 Depreciation, amortisation and impairment	-82.236	-11.498
Operating profit	-276.030	-56.731
9 Other financial income	1.931	4.011
10 Other financial expenses	-5.308	-7.098
Pre-tax net profit or loss	-279.407	-59.818
Tax on net profit or loss for the year	-444	-1.207
11 Net profit or loss for the year	-279.851	-61.025

Balance sheet at 31 March

DKK thousand.

Assets		
<u>Note</u>	<u>2024</u>	<u>2023</u>
Non-current assets		
12 Completed development projects	0	48.559
13 Acquired concessions, patents, licenses, trademarks, and similar rights	0	0
14 Goodwill	0	17.978
15 Development projects in progress	0	4.102
Total intangible assets	0	70.639
16 Plant and machinery	0	6.019
17 Other fixtures, fittings, tools and equipment	0	1.328
18 Leasehold improvements	0	1.638
Total property, plant, and equipment	0	8.985
19 Deposits	3.010	3.899
20 Other receivables	703	684
Total investments	3.713	4.583
Total non-current assets	3.713	84.207
Current assets		
Manufactured goods and goods for resale	0	4.115
Total inventories	0	4.115
Trade receivables	38.268	64.314
21 Contract work in progress	8.204	31.278
Receivables from group enterprises	5.967	8.984
22 Prepayments	8.221	8.020
Total receivables	60.660	112.596
Total current assets	60.660	116.711
Total assets	64.373	200.918

Balance sheet at 31 March

DKK thousand.

Equity and liabilities			
<u>Note</u>		<u>2024</u>	<u>2023</u>
Equity			
23	Contributed capital	64.001	64.000
	Share premium	371.311	244.312
	Reserve for development costs	0	41.076
	Retained earnings	-614.602	-375.827
	Total equity	-179.290	-26.439
Provisions			
24	Other provisions	115.623	6.848
	Total provisions	115.623	6.848
Liabilities other than provisions			
25	Prepayments received from customers	3.111	3.813
	Total long term liabilities other than provisions	3.111	3.813
	Prepayments received from customers	9.121	14.740
	Trade payables	29.754	51.733
26	Payables to group enterprises	53.689	110.042
	Other payables	32.365	40.181
	Total short term liabilities other than provisions	124.929	216.696
	Total liabilities other than provisions	128.040	220.509
	Total equity and liabilities	64.373	200.918
1 Capital readiness			
2 Uncertainties concerning recognition and measurement			
3 Subsequent events			
4 Going concern assumption disclosure note			
5 Special items			
27 Pledges and Collateral			
28 Contractual Obligations and Contingent Liabilities, etc.			
29 Related parties			

Statement of changes in equity

DKK thousand.

	Contributed capital	Share premium	Reserve for development costs	Retained earnings	Total
Equity 1 April 2022	64.000	244.312	42.760	-316.486	34.586
Transferred from proposed distribution of net profit	0	0	-1.684	-59.341	-61.025
Equity 1 April 2023	64.000	244.312	41.076	-375.827	-26.439
Cash capital increase	1	126.999	0	0	127.000
Transferred from proposed distribution of net profit	0	0	-41.076	-238.775	-279.851
	64.001	371.311	0	-614.602	-179.290

Notes

DKK thousand.

1. Capital readiness

The company is subject to the capital loss rules in section 119 of the Danish Companies Act, as the company per 31 March 2024 has lost the entire equity. The company has received a letter of support from the parent company and on this basis the company is considered a going concern. The matter has been addressed, and the possibility of re-establishing the share capital through a capital increase from the parent company is being explored.

2. Uncertainties concerning recognition and measurement

The company have initiated business restructuring project in the end of the financial year, which have resulted in impairment of assets and other provisions. The estimates used are based on assumptions that the management considers to be reasonable, but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate and unexpected events or circumstances may occur. In addition, the company is subject to risks and uncertainties that may cause actual results to differ from these estimates. Estimates which are significant for the financial statement is primarily provision regarding business restructuring project. For this estimate the management have made assumptions for the cost of the restructuring which includes divestment of activities such as mentioned in the management statement, movement and closing of datacenters, and retention and termination of different employee groups.

3. Subsequent events

No events have occurred that significantly affect the company's financial position as of March 31, 2024.

Notes

DKK thousand.

4. Going concern assumption disclosure note

The Financial Statements are prepared on a going concern basis, which the Directors have assessed to be appropriate. The Company utilises intercompany credit facilities, in line with the Fujitsu group's Treasury and Cash Management policy operated through Fujitsu Limited's European financial services subsidiary, Fujitsu EMEA PLC (FEP) and Fujitsu Technology Solutions Holding B.V (FTSHBV) which operates the European in-house bank cash-pooling arrangement. This is the primary source of liquidity for the Company and enables it to meet its financial obligations as they fall due.

The borrowing facilities extended by Fujitsu Limited through FEP ensure that FSH and FTSHBV group companies are able to ensure liquidity is maintained on an ongoing basis.

The Fujitsu Services Group works closely with FEP and FTSHBV to plan and monitor cashflow requirements for group companies throughout the year and group borrowing facilities are reviewed and agreed semi-annually. Fujitsu Limited has also confirmed continued availability of these financial facilities in a Letter of Support issued to the Board of Fujitsu Services Holdings PLC, dated 25 September 2024. This Letter is renewed annually by Fujitsu Limited and covers a future period of 12 months from the date of approval of the annual financial statements of each group company. This year it also recognises continuity of financial support for Fujitsu Services Group companies that remain wholly owned subsidiaries of Fujitsu Limited in the event of a change of intermediate holding company within the Fujitsu Group.

In their assessment of whether the going concern basis remains appropriate for the preparation of financial statements for the Company, the Directors have considered all available forward-looking information for the period of 12 months from the date of approval of these financial statements, and the ability of Fujitsu Limited to provide parental support, and have concluded that sufficient funds will be available to meet liabilities as they fall due during that time, up to and including 30 September 2025.

5. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any related gains on disposal and losses which, over time, have a significant impact. Special items also include other significant amounts of a nonrecurring nature.

As mentioned in the management commentary, the net profit or loss for the year is affected by a number of factors that differ from what is considered by management to be part of operating activities.

Notes

DKK thousand.

5. Special items (continued)

Special items for the year are specified below, indicating where they are recognised in the income statement.

	<u>2023/24</u>
Expenses:	
Impairment of non-current assets	66.157
Restructuring costs	<u>120.719</u>
	<u>186.876</u>
Special items are recognised in the following items in the financial statements:	
Depreciation, amortisation, and impairment	-66.157
Staff costs	-22.668
Other external costs	<u>-98.051</u>
Profit of special items, net	<u>-186.876</u>

	<u>2023/24</u>	<u>2022/23</u>
6. Revenue		
License and service agreements	265.419	412.523
Consulting services	22.502	19.985
Hardware	<u>46.772</u>	<u>159.587</u>
	<u>334.693</u>	<u>592.095</u>

The company's revenue primarily derives from the sale of licenses and related service and consulting services, as well as the sale of hardware.

Fujitsu A/S' revenue is primarily divided between two customer groups: public institutions and private entities. Revenue from public institutions accounts for 45 %, while revenue from the private sector represents 55 % of the total revenue.

Notes

DKK thousand.

	<u>2023/24</u>	<u>2022/23</u>
7. Staff costs		
Salaries and wages	135.564	142.662
Pension costs	10.597	11.430
Other costs for social security	815	1.064
	<u>146.976</u>	<u>155.156</u>
Executive board	<u>-</u>	<u>2.767</u>
Average number of employees	<u>159</u>	<u>187</u>

Due to changes in the company's management during the 2022/23 financial year, information on management compensation includes details related to the former CEO, the interim CEO, and the current CEO. The compensation details cover items such as gross salary, employer-paid pension contributions, severance pay, and other related benefits. Additionally, there is an overlap in the period between the different CEOs.

The company's board of directors does not receive any remuneration.

Compensation for the company's management for the current financial year is not disclosed, with reference to Section 98b (3) no. 2 of the Danish Financial Statements Act.

	<u>2023/24</u>	<u>2022/23</u>
8. Depreciation, amortisation and impairment		
Depreciation and amortisation for the year	16.079	11.498
Impairment for the year	66.157	0
	<u>82.236</u>	<u>11.498</u>
9. Other financial income		
Exchange differences	1.929	3.948
Other financial income	2	63
	<u>1.931</u>	<u>4.011</u>

Notes

DKK thousand.

	<u>2023/24</u>	<u>2022/23</u>
10. Other financial expenses		
Financial costs, group enterprises	1.692	969
Other financial costs	<u>3.616</u>	<u>6.129</u>
	<u>5.308</u>	<u>7.098</u>
11. Proposed distribution of net profit		
Transferred to the reserve for development costs	-41.076	-1.684
Transferred to retained earnings	<u>-238.775</u>	<u>-59.341</u>
Total allocations and transfers	<u>-279.851</u>	<u>-61.025</u>
12. Completed development projects		
Cost 1 April 2023	208.681	152.195
Additions during the year	3.279	28
Transfers	<u>0</u>	<u>56.458</u>
Cost 31 March 2024	<u>211.960</u>	<u>208.681</u>
Amortisation and write-down 1 April 2023	-160.122	-151.068
Amortisation and depreciation for the year	-11.948	-9.054
Impairment loss for the year	<u>-39.890</u>	<u>0</u>
Amortisation and write-down 31 March 2024	<u>-211.960</u>	<u>-160.122</u>
Carrying amount, 31 March 2024	<u>0</u>	<u>48.559</u>

Notes

DKK thousand.

	31/3 2024	31/3 2023
13. Acquired concessions, patents, licenses, trademarks, and similar rights		
Cost 1 April 2023	4.727	4.727
Cost 31 March 2024	4.727	4.727
Amortisation and write-down 1 April 2023	-4.727	-4.727
Amortisation and write-down 31 March 2024	-4.727	-4.727
Carrying amount, 31 March 2024	0	0
14. Goodwill		
Cost 1 April 2023	25.682	25.682
Cost 31 March 2024	25.682	25.682
Amortisation and write-down 1 April 2023	-7.704	-5.136
Amortisation and depreciation for the year	-2.568	-2.568
Impairment loss for the year	-15.410	0
Amortisation and write-down 31 March 2024	-25.682	-7.704
Carrying amount, 31 March 2024	0	17.978
15. Development projects in progress		
Cost 1 April 2023	4.102	54.820
Additions during the year	0	5.740
Disposals during the year	-4.102	0
Transfers	0	-56.458
Cost 31 March 2024	0	4.102
Carrying amount, 31 March 2024	0	4.102

Notes

DKK thousand.

	<u>31/3 2024</u>	<u>31/3 2023</u>
16. Plant and machinery		
Cost 1 April 2023	43.719	40.177
Additions during the year	<u>4.709</u>	<u>3.542</u>
Cost 31 March 2024	<u>48.428</u>	<u>43.719</u>
Depreciation and write-down 1 April 2023	-37.700	-34.725
Amortisation and depreciation for the year	-2.638	-2.975
Impairment loss for the year	<u>-8.090</u>	<u>0</u>
Depreciation and write-down 31 March 2024	<u>-48.428</u>	<u>-37.700</u>
Carrying amount, 31 March 2024	<u>0</u>	<u>6.019</u>
17. Other fixtures, fittings, tools and equipment		
Cost 1 April 2023	16.717	16.223
Additions during the year	<u>148</u>	<u>494</u>
Cost 31 March 2024	<u>16.865</u>	<u>16.717</u>
Amortisation and write-down 1 April 2023	-15.389	-15.018
Amortisation and depreciation for the year	-441	-371
Impairment loss for the year	<u>-1.035</u>	<u>0</u>
Amortisation and write-down 31 March 2024	<u>-16.865</u>	<u>-15.389</u>
Carrying amount, 31 March 2024	<u>0</u>	<u>1.328</u>

Notes

DKK thousand.

	31/3 2024	31/3 2023
18. Leasehold improvements		
Cost 1 April 2023	21.163	19.704
Additions during the year	463	1.459
Cost 31 March 2024	21.626	21.163
Depreciation and write-down 1 April 2023	-19.525	-19.305
Amortisation and depreciation for the year	-368	-220
Impairment loss for the year	-1.733	0
Depreciation and write-down 31 March 2024	-21.626	-19.525
Carrying amount, 31 March 2024	0	1.638
19. Deposits		
Cost 1 April 2023	3.899	4.635
Additions during the year	2.833	1.337
Disposals during the year	-3.722	-2.073
Cost 31 March 2024	3.010	3.899
Carrying amount, 31 March 2024	3.010	3.899
20. Other receivables		
Cost 1 April 2023	684	989
Additions during the year	3.622	2.496
Disposals during the year	-3.603	-2.801
Cost 31 March 2024	703	684
Carrying amount, 31 March 2024	703	684

Notes

DKK thousand.

	<u>31/3 2024</u>	<u>31/3 2023</u>
21. Contract work in progress		
Selling price of the production for the period	<u>8.204</u>	<u>31.278</u>
Contract work in progress, net	<u>8.204</u>	<u>31.278</u>

Our ongoing service contracts are all progressing as expected, and we do not anticipate any of them resulting in a loss.

22. Prepayments

Prepayments consist of prepaid expenses related to the fiscal year 2024/25.

23. Contributed capital

Contributed capital 1 April 2023	64.000	64.000
Cash capital increase	<u>1</u>	<u>0</u>
	<u>64.001</u>	<u>64.000</u>

The share capital consists of 640.010 shares, each with a nominal value of DKK 100. The shares are fully paid. The shares are not divided into classes, and no special rights are attached to the shares.

In the fiscal year 2023/24, there was a capital increase involving 10 shares with a nominal value of DKK 100 each.

24. Other provisions

Other provisions include warranty provisions of DKK 346 thousand (2022/23: DKK 476 thousand), restoration provisions of DKK 1,196 thousand (2022/23: DKK 2,914 thousand), provisions for onerous contracts of DKK 6,800 thousand (2022/23: DKK 3,458 thousand), and other provisions of DKK 107,281 thousand (2022/23: DKK 0 thousand). Warranty provisions represent the expected warranty costs associated with standard warranty obligations for goods sold. The liability is determined based on historical cost levels and is expected to be utilized or settled over the next two years. The restoration provision represents the expected costs for restoring leased premises upon vacating. The liability is calculated based on the expected cost per leased square meter. The provision for onerous contracts in the previous financial year represents contractual obligations where a loss on the contract is expected in accordance with IAS 37. Other provisions include expected costs related to a business restoration project. Refer to note 2, "Uncertainties regarding recognition and measurement."

Notes

DKK thousand.

	<u>31/3 2024</u>	<u>31/3 2023</u>
25. Prepayments received from customers		
Total prepayments received from customers	<u>3.111</u>	<u>3.813</u>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>

26. Payables to group enterprises

DKK 37,698 thousand of the total amount under "Payables to group enterprises" is part of the intra-group cash pool arrangement. The intra-group cash pool arrangement does not have any significant special terms.

27. Pledges and Collateral

The company has not pledged any assets or provided any other form of security as of March 31, 2024.

28. Contractual Obligations and Contingent Liabilities, etc.

Other Contingent Liabilities

Apart from standard warranty obligations related to hardware sales, the company has not provided guarantees to customers, suppliers, or others.

The company has contingent liabilities amounting to DKK 2,325 thousand for the leasing of 25 vehicles as of March 31, 2024, with an average remaining lease term of 15 months.

Notes

DKK thousand.

29. Related parties

Controlling interest

Fujitsu Services Holding B.V.
Het Kwadrant 1, 3606 AZ
Maarssen, Holland.

Majority shareholder

Transactions

The company has the following related party transactions:

	<u>2023/24</u>	<u>2022/23</u>
Sales to parent company	674	1.913
Purchases from parent company	-497	-1.107
Sales to other group entities	5.647	8.617
Purchases from other group entities	-102.177	-149.085

Consolidated financial statements

The company is included in the consolidated financial statements of Fujitsu Services Holding B.V., Het Kwadrant 1, 3606 AZ Maarssen, Nederland and Fujitsu Limited, Japan. The consolidated financial statements for Fujitsu Services Holding B.V. can be obtained at the adress Het Kwadrant 1, 3606 AZ Maarssen and the consolidated financial statements for Fujitsu Limited can be viewed at www.fujitsu.com.

Accounting policies

The annual report for Fujitsu A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Pursuant to sector 96 (3) of the Danish Financial Statements Act, a note regarding the auditor's fee has not been included. The auditor's fee is disclosed in the consolidated financial statement of Fujitsu Services Holding B.V.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Fujitsu Services Holding B.V.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Business combinations

Business combinations (the carrying amount method)

Accounting policies

In case of intercompany business combinations, the carrying amount method is applied. By this method, the two enterprises are merged at carrying amounts, and differences are not identified. Any considerations exceeding the carrying amount in the acquired entity are recognised directly in equity.

The carrying amount method is implemented on the acquisition date, and comparative figures are not modified.

Income statement

Revenue

The enterprise will be applying IFRS 15 as its basis of interpretation for the recognition of revenue.

Fujitsu A/S's contracts with customers consist of the sale of service contracts, consulting services, and hardware.

Upon entering into contracts, Fujitsu A/S identifies its performance obligations according to the contract. The transaction price is allocated proportionately to the distinct performance obligations in the agreement based on their stand-alone selling prices.

Revenue is recognized when control of each identifiable performance obligation is transferred to the customer, meaning the customer obtains control of the asset or service.

Revenue from the sale of goods and licenses, which are distinct performance obligations, is recognized at the point of delivery and transfer of risk, provided that the revenue can be measured reliably. Revenue is measured net of VAT, duties, and discounts.

Revenue from the provision of consulting services, as well as performance obligations where licenses and consulting services are considered a single performance obligation, is recognized as the service is delivered. The company uses the practical expedient "as invoiced" when contracts are divided into milestones.

Revenue from service contracts is recognized on a straight-line basis over the period during which the service is delivered.

Revenue is measured at the fair value of the agreed consideration, less VAT and duties. All forms of discounts are included in the revenue.

Revenue from contracts with variable consideration, such as volume discounts and performance payments, is recognized at the most likely amount of the consideration. Revenue is recognized only when it is highly probable that any adjustments to the estimated variable consideration will not result in a significant reversal of revenue.

Accounting policies

Sales on extended interest-free credit are recognized net of estimated interest income. The calculated interest is recognized as income over the credit period under financial items. Revenue from financial leasing contracts for self-produced goods and trading goods is recognized at the time the leasing contract is signed, and the leased asset physically transfers to the lessee. Revenue is recognized at an amount equivalent to the sales value as per the leasing contract.

Leasing payments are split into principal and interest income based on the effective interest rate in the agreement.

Cost of sales

Cost of goods sold includes changes in inventory of trading goods and costs related to trading goods. Under cost of goods sold, we primarily have the following categories:

Trading Goods: Fujitsu hardware and third-party hardware for resale to customers

Software: Third-party licenses and software for resale to customers

Consulting Services: External consultants who are resold to customers

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external expenses

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation includes depreciation on intangible and tangible fixed assets.

The cost, less any expected residual value, of completed development projects and acquired intangible rights is depreciated on a straight-line basis over their expected useful lives. Acquired intangible rights include patents, rights, and licenses.

Goodwill is amortized over its estimated economic useful life, which is determined based on management's experience in the respective business areas. Goodwill is amortized on a straight-line basis over a 10-year period.

The depreciation base, calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life, based on the following estimates for the assets' expected useful lives:

Accounting policies

- Completed development projects: 2-7 years
- Goodwill: 10 years
- Other intangible assets: 3-12 years

The cost of a complete tangible fixed asset is divided into separate components, each depreciated individually if their useful lives differ.

The depreciation base, calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life, based on the following estimates for the assets' expected useful lives:

- Production facilities and machinery: 3-5 years
- Other equipment, operational tools, and inventory: 2-7 years

Gains or losses on the disposal of assets are recognized in the income statement under other operating income.

Leasehold improvements are depreciated on a straight-line basis over the shorter of the remaining lease term or the useful life of the improvements.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Intangible assets

Goodwill is amortized over its estimated economic useful life, which is determined based on management's experience in the relevant business areas. Goodwill is amortized on a straight-line basis over a 10-year period.

Other intangible assets include development projects and other acquired intangible rights.

Development projects related to products and processes that are clearly defined and identifiable are recognized as intangible assets if it is probable that the product or process will generate future economic benefits for the company, and the development costs of the asset can be reliably measured.

Accounting policies

Other development costs are expensed in the income statement as they are incurred.

Development projects are initially measured at cost. The cost of development projects includes expenses, such as salaries, depreciation, and borrowing costs, that can be directly attributed to the development period and are necessary to complete the project, starting from the point at which the development project first meets the criteria for recognition as an asset.

Completed development projects are amortized on a straight-line basis over their expected useful life, which typically ranges from 2 to 9 years.

Acquired intangible rights in the form of licenses are measured at cost less accumulated amortization and impairment. Licenses are amortized on a straight-line basis over the agreement period. If the actual useful life is shorter than the agreement period, amortization is based on the shorter period.

Non-current assets

Leasehold improvements, production facilities, machinery, and other property, plant, and equipment are measured at cost less accumulated depreciation and impairment.

Cost includes the purchase price, costs directly attributable to the acquisition, costs necessary to prepare the asset for its intended use, and borrowing costs.

The depreciable base is the asset's cost minus its residual value. The residual value is the estimated amount that could be obtained from the sale of the asset today, less any selling costs, assuming the asset has reached the age and condition it is expected to be in at the end of its useful life.

The cost of a complete asset is divided into significant components if they have different useful lives and are depreciated separately.

Depreciation is calculated on a straight-line basis based on the expected useful lives mentioned under depreciation and impairment.

Depreciation methods, useful lives, and residual values are reviewed annually.

Property, plant, and equipment are tested for impairment if their carrying amount exceeds their recoverable amount, as described below.

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

Accounting policies

Leasing contracts where the company does not retain all the significant benefits and risks associated with ownership are classified as operating leases. Expenses related to operating leases and other rental agreements are recognized in the income statement over the lease term. The company's total obligations under operating leases and rental agreements are disclosed under contingent liabilities.

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Impairment loss relating to non-current assets

The carrying amounts of tangible and intangible assets with determinable useful lives are reviewed on the balance sheet date to determine if there are any indicators of impairment. If such indicators exist, the asset's recoverable amount is calculated to assess the need for, and extent of, any impairment.

For ongoing development projects, intangible assets with indefinite useful lives, and goodwill, the recoverable amount is determined annually, regardless of whether impairment indicators are present.

If an asset does not generate cash flows independently of other assets, its recoverable amount is determined for the smallest cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. When calculating value in use, estimated future cash flows are discounted to present value using a discount rate that reflects both current market assessments of the time value of money and the specific risks associated with the asset or cash-generating unit that are not accounted for in the estimated future cash flows.

If the recoverable amount of an asset or a cash-generating unit is lower than its carrying amount, the carrying amount is written down to the recoverable amount. For cash-generating units, impairment is allocated first to goodwill and then to the remaining assets within the unit, ensuring that no individual asset is written down below its fair value less expected selling costs.

Impairments are recognized in the income statement. If there are subsequent reversals of impairments due to changes in the assumptions used to determine the recoverable amount, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, but not above the carrying amount that would have been determined had the impairment not been recognized. Impairments of goodwill are not reversed.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Accounting policies

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

For receivables from the sale of goods and services, a simplified approach is used to calculate Expected Credit Losses (ECLs). Consequently, there is no follow-up on changes in credit risk; instead, provisions for losses are recognized based on lifetime ECLs at each reporting date.

The company has established a provisioning matrix based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Provisioning rates are based on a grouping of receivables from goods and services that share similar credit risk characteristics and aging profiles.

Contract work in progress

When the outcome of a service contract can be reliably estimated, the service contract is measured at the sale value of the work performed to date (percentage-of-completion method), less any interim billings and provisions for expected losses. The sale value is determined based on the percentage of completion at the balance sheet date and the total expected revenue from the service contract.

The percentage of completion for an individual project is typically calculated as the ratio of the resources used to the total budgeted resources.

For individual projects where resource consumption cannot be used as a basis, or where the outcome of a service contract cannot be reliably estimated, the service contract is measured at the costs incurred if they are recoverable. Revenue is recognized in these cases based on the practical expedient "as invoiced."

When it is probable that the total costs of a service contract will exceed the total revenues, the expected loss is immediately recognized as an expense.

Each ongoing service contract is recognized in the balance sheet under receivables or liabilities, depending on whether the net value represents a receivable or a liability.

Accounting policies

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Provisions

Provisions include expected costs related to warranty obligations and decommissioning obligations, and are recognized when the company has a legal or constructive obligation arising from events in the reporting period or prior periods, and it is probable that settling the obligation will result in an outflow of resources.

Provisions are measured at the best estimate of the costs required to settle the obligations at the balance sheet date. Provisions with an expected settlement period extending beyond one year from the balance sheet date are measured at present value.

When it is probable that total costs will exceed total revenues from a service contract, a provision is recognized for the full expected loss on that contract. For planned restructuring of the company's activities, provisions are made only for restructuring obligations that have been decided upon by a specific plan at the balance sheet date and where the affected parties have been informed of the overall plan. Provisions with an expected settlement period extending beyond one year from the balance sheet date are measured at present value.

Liabilities other than provisions

The company has adopted IAS 39 as the basis for the recognition and measurement of financial liabilities.

Other financial liabilities include bank loans, trade payables, and other amounts payable to public authorities, etc.

Accounting policies

Other financial liabilities are initially recognized at fair value, less any transaction costs. Subsequently, liabilities are measured at amortized cost using the effective interest rate method, so that the difference between the proceeds and the nominal value is recognized in the income statement as a financial expense over the loan term.

Segmental statement

Information on activity and geographical markets is provided. The segmental statement complies with the consolidated accounting policies, risks, and management control systems of the company.

Assets in the segment comprise the assets used directly in the segment's revenue-generating activity.