(5) Notes to the Consolidated Financial Statements

(Notes Regarding Assumption of Going Concern)

None

(Significant Accounting Policies for Preparation of Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries

Number of consolidated subsidiaries　68 companies

(Name of major consolidated subsidiaries　Fuji Electric FA Components & Systems Co., Ltd.)

The Company has merged Fuji Electric IT Center Co., Ltd.

United Fuji Semiconductors Co., Ltd. has been newly included in scope of consolidation due to its increased materiality.

(2) Names of major unconsolidated subsidiaries

Fuji Green Power Co., Ltd.

Reasons for exclusion from scope of consolidation

All of the unconsolidated subsidiaries are small in scale, and their combined total assets, net sales, profit (loss) (amount corresponding to equity interest), and retained earnings (amount corresponding to equity interest) do not have a material effect on the Company’s consolidated financial statements.

2. Application of Equity Method

(1) Number of non-consolidated subsidiaries and affiliated companies accounted for using equity method and names of major entities accounted for using equity method

Number of non-consolidated subsidiaries accounted for using equity method.　2 companies

Fuji Furmanite Co., Ltd.

Fuji Electric E&C (Thailand) Co., Ltd.

Number of affiliated companies accounted for using equity method.　2 companies

METAWATER Co., Ltd.

METAWATER SERVICE Co., Ltd.

(2) The Company does not consolidate nor apply the equity method to subsidiaries or affiliates whose gross assets, net sales, profit (loss) and retained earnings are not significant to the consolidated financial statements. Investments in unconsolidated subsidiaries and affiliates are stated at cost.

3. Fiscal years of consolidated subsidiaries

The balance sheet date of certain consolidated subsidiaries is December 31 or January 31. In principle, the financial statements of such subsidiaries were tentatively prepared in accordance with the fiscal year of the Company, and those were consolidated.

4. Accounting Policies

(1) Basis and method for valuation of assets

①　Securities

ｉ) Other securities

Securities with quoted market price are stated at fair value. Unrealized gains and losses, net of taxes, are reported in a separate component of net assets.

Securities with no quoted market price are stated at cost determined by the moving-average method.

②　Inventories

ｉ) Merchandise and finished goods and Work in process

Finished goods and work in process are mainly stated at actual cost determined by accumulated production cost for contract items or average cost for regular production items, except that finished goods of certain consolidated subsidiaries are priced by the most recent purchase price method.

ⅱ) Raw materials

Raw materials are mainly stated at cost, determined by the most recent purchase price method.

③ Derivatives

Derivatives are recognized as either assets or liabilities and measured at fair value.

(2) Depreciation method

① Tangible fixed assets (excluding leased assets)

Depreciation is computed by the straight-line method.

② Leased assets

Depreciation is computed by the straight-line method over the lease period assuming no residual value.

(3) Recognition criteria for provisions

① Allowance for Doubtful Accounts

The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Companies’ past credit loss experience and an evaluation of potential losses in the receivables outstanding.

② Provision for Directors' Retirement Benefits

For certain consolidated subsidiaries, provision for directors' retirement benefits were provided mainly at an amount to be required at the year-end according to internal regulations.

③ Provision for product warranties

To prepare for potential warranty costs, provision for product warranties is recorded based on the past occurrence of the defects and expected specific events.

(4) Retirement Benefits

① Method for period attribution of retirement benefit estimates

The retirement benefit obligation for employees is attributed to each period by the benefit formula method over the estimated years of service of the eligible employees.

② Method for amortization of actuarial gains and losses, and past service costs

Prior service costs are amortized by the straight-line method within the average remaining years of service of the employee participants. The actuarial gains and losses are amortized by the straight-line method within the average remaining years of service of the employee participants from the next period in which they arise, respectively.

(5) Recognition for Revenue and Costs

In accordance with the following five-step approach, the Companies recognize a transfer of a promised good or service to a customer as revenue in an amount which reflects the consideration expected to be entitled in exchange for the good or service.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the Companies satisfies a performance obligation

The Companies are engaged in a wide range of business activities, such as product development, production, sales, and services. The details of the main performance obligations related to revenues from the contracts with the customers in the main business and the normal time points to satisfy the performance obligations (normal time points to recognize revenues) are as follows.

① Sales of standard products

For the performance obligation, control of goods is transferred to a customer at a point in time.

For domestic sales, the Companies recognize revenue upon shipment because the period from shipment to transfer of control of goods to customer is the normal period. (Application of shipping standards) For domestic sales which do not apply shipping standards, the Companies recognize revenue upon delivery of goods to a customer.

For export transactions, the Companies recognize revenue upon delivery of goods to customer specified in trade terms.

② Sales of job-order production goods, contract works and rendering of services

For the performance obligation, the Companies apply the method that revenue is recognized over time by measuring progress toward complete satisfaction of performance obligations (the cost-based input method is used in measuring the progress). The progress toward complete satisfaction of performance obligations is determined based on the ratio of costs incurred to the end of the fiscal year to the estimate of the total cost of the contract. In the case that progress cannot be reasonably estimated, the Companies recognize revenue under the cost recovery method only to the extent of the costs incurred that are expected to be recovered. For maintenance contracts, etc., in which services are rendered to customers evenly over the contract period, the Companies recognize revenue on a straight-line basis over the contract period. When an invoiced amount (right to invoice) directly corresponds to the consideration amount for the satisfied performance obligation, the Companies recognize revenue by the amount in which the invoice is entitled. Regarding estimates of progress toward complete satisfaction of performance obligations, the Companies apply a method that appropriately reflects the transfer of control and consistently apply it to similar performance obligations. In addition, the progress toward complete satisfaction of performance obligations is appropriately reviewed at the end of the fiscal year.

(6) Foreign Currency Financial Statements

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

Assets, liabilities, and revenue and expense accounts of the foreign consolidated subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for share-holders' equity, which is translated at the historical rate. Differences arising from such translation are included in foreign currency translation adjustments and non-controlling interests in consolidated subsidiaries as a separate component of net assets.

(7) Hedging Activities

① Methods of hedge accounting

In principle, deferred hedge accounting is applied. Deferral hedge accounting is used for forward exchange contracts and foreign currency swaps that meet the conditions for deferral hedge accounting.

② Hedge instrument and hedged items

a. Hedge instrument……foreign exchange forward contracts

Hedged items……trade receivables and payables denominated in foreign currencies and forward contracts denominated in foreign currencies

b. Hedge instrument……commodity swap

Hedged items……Low materials

③ Hedging Policies

The Companies enter into derivative financial instruments ("derivatives"), including foreign currency forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies.

In addition, the Companies enter into commodity swap agreements to hedge the risk of fluctuation of commodity prices for raw materials.

④ Methods for hedge effectiveness evaluation

The Companies compare the market change of hedged items and hedging instruments or the cash flow changes. Assessment of effectiveness for hedging activities depends on the ratio of the amount of change.

(8) Amortization method and period for Goodwill

Goodwill resulting from the difference between the cost and the underlying net assets at the respective dates of acquisition are being amortized over a period of 5 or 10 years.

(9) Cash Equivalents

For the purpose of the consolidated statements of cash flows, the Companies consider all short-term, highly liquid instruments with a maturity of three months or less to be cash equivalents.

(10) Other basic policies and important items for the preparation of consolidated financial statements

The Company and some domestic consolidated subsidiaries apply the Group Tax Sharing System.

（Notes Regarding Changes in Accounting Policies）

(Application of "Accounting Standard for Current Income Taxes", etc.)

The Company applies "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022), etc. from the beginning of the current fiscal year.

The amendment of classification of income taxes (taxation on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of "Accounting Standard for Current Income Taxes" and the proviso of paragraph 65-2 (2) of "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022). There is no effect by this change on the consolidated financial statements.

Regarding the amendment related to the revision of the treatment on the consolidated financial statements for profits and losses on the sale of shares of subsidiaries and affiliates between consolidated companies that are deferred for tax purposes, the Company applies "Guidance on Accounting Standard for Tax Effect Accounting" from the beginning of the current fiscal year. This change has been applied retrospectively and the consolidated financial statements and the consolidated financial statements for the previous fiscal year are after the retrospective application. There is no effect by this change on the consolidated financial statements and the consolidated financial statements for the previous fiscal year.

（Notes Regarding Changes in Presentation）

(Consolidated Statements of Cash Flows)

"Purchase of intangible assets" ,which was included in "Other, net" under "Cash flows from investing activities" in the previous consolidated fiscal year, has been decided to disclose it separately from this consolidated fiscal year due to its increased materiality.

As a result of this change, △6,912 million yen, which was disclosed "Other, net" under "Cash flows from investing activities", has been reclassified to △7,243 million yen of “Purchase of intangible assets” and 331 million yen of “Other, net” in the Year ended 31 March 31,2024.

(Notes Regarding Consolidated Balance Sheet)

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Accumulated depreciation of Property, Plant and Equipment	451,687	468,971

(Notes Regarding Consolidated Statement of Changes in Net Assets)

Year ended March 31, 2024

1. Shares issued and outstanding / Treasury stock

(Thousands of shares)

	As of March 31, 2023	Increase in the year	Decrease in the year	As of March 31, 2024
Shares outstanding:				
Common stock	149,296	—	—	149,296
Total	149,296	—	—	149,296
Treasury stock:				
Common stock *1, *2	6,462	3	0	6,466
Total	6,462	3	0	6,466

Notes 1. The increase of 3 thousand shares in treasury stock of common stock is due to buying of fractional shares.
2. The decrease of 0 thousand shares in treasury stock of common stock is due to selling of fractional shares

2. Share acquisition rights and Treasury share acquisition rights
None

3. Dividends
(1) Dividends paid

(Resolution)	Type of Shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Meeting of the Board of Directors on May 25, 2023	Common stock	8,570	60.0	March 31, 2023	June 7, 2023
Meeting of the Board of Directors on October 26, 2023	Common stock	8,569	60.0	September 30, 2023	December 5, 2023

(2) Dividends with the cut-off date in the year ended March 31, 2024 and effective date in the year ended March 31, 2025

(Resolution)	Type of Shares	Total dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Cut-off date	Effective date
Meeting of the Board of Directors on May 23, 2024	Common stock	10,712	Retained Earnings	75.0	March 31, 2024	June 5, 2024

Year ended March 31, 2025

1. Shares issued and outstanding / Treasury stock

	As of March 31, 2024	Increase in the year	Decrease in the year	As of March 31, 2025
Shares outstanding:				
Common stock	149,296	—	—	149,296
Total	149,296	—	—	149,296
Treasury stock:				
Common stock *1, *2, *3	6,466	293	4,787	1,973
Total	6,466	293	4,787	1,973

Notes 1. The increase of 293 thousand shares in treasury stock of common stock was due to the increase of 291 thousand shares from the acquisition of performance-related share-based remuneration plan (Stock Beneficiaries' Trust) for directors and 2 thousand shares from the purchase of fractional shares.

2. The decrease of 4,787 thousand shares in treasury stock of common stock was due to the disposal of 4,495 thousand shares through Share Exchange, the decrease of 291 thousand shares by disposal to performance-related share-based remuneration plan (Stock Beneficiaries' Trust) for directors and 0 thousand from the sale of fractional shares.

3.The number of treasury stocks at the end of period includes 291 thousand shares held by the Stock Beneficiaries' Trust.

2. Share acquisition rights and Treasury share acquisition rights

None

3. Dividends

(1)Dividends paid

(Resolution)	Type of Shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Meeting of the Board of Directors on May 23, 2024	Common stock	10,712	75.0	March 31, 2024	June 5, 2024
Meeting of the Board of Directors on October 31, 2024	Common stock	10,712	75.0	September 30, 2024	December 4, 2024

(2)Dividends with the cut-off date in the year ended March 31, 2025 and effective date in the year ending March 31, 2026

(Resolution)	Type of Shares	Total dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Cut-off date	Effective date
Meeting of the Board of Directors on May 23, 2025	Common stock	12,547	Retained Earnings	85.0	March 31, 2025	June 5, 2025

Note: The total amount of dividends resolved at the Meeting of the Board of Directors scheduled on May 23, 2025 includes 24 million yen in dividends on the Company's shares held by the Stock Beneficiaries' Trust.

(Segment information)

1. Outline of reporting segments

The Companies’ reporting segments are components for which separate financial information is available and whose operating results are reviewed regularly by the Board of Directors of the Company in order to make decisions about resource allocation and to assess performance. The Company has business headquarters by products and services at its head office. The business headquarters prepare comprehensively global strategies related to their products and services and control their business activities.

Accordingly, the Companies have the following four reporting segments, principally based on the business headquarters that take into account the similarity of category and nature of products and services: Energy, Industry, Semiconductors and Food and Beverage Distribution. These segments consist of 2 or more business segments.

Main products and services of each reporting segment consist of the following:

Reporting segments	Main products and services
Energy	Geothermal power generation, hydroelectric power generation, thermal power generation, fuel cells, substation systems, electricity storage systems, energy management systems, solar power generation, wind power generation, uninterruptible power systems(UPSs), switchboards, power distribution and control equipment
Industry	Inverters, motors, servo systems, power supply (small), measuring instruments, sensors, drive control systems, measuring and control systems, transport systems, ship and harbor systems, nuclear power-related equipment, radiation monitoring systems, ICT equipment and software, controllers, HMI, FA system, electricity construction, air conditioning equipment construction
Semiconductors	Power semiconductors for industrial and vehicles
Food and Beverage Distribution	Beverage vending machines, vending machines for food and other goods, store equipment, currency handling equipment

2. Calculation method of net sales and profit or loss, on each reporting segment

The accounting policies applied by each reporting segment are consistent with those described in "Summary of Significant Accounting Policies.”

Segment profit or loss presented in segment information is based on operating profit in the consolidated statements of income.

Intersegment sales and transfer are determined by market value.

3. Information on net sales and profit or loss by each reporting segment

Year ended March 31, 2024

(Millions of yen)

	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others (*1)	Total	Adjustments (*2)	Consolidated (*3)
Net sales								
Sales to third parties	338,932	400,999	222,659	105,536	35,085	1,103,214	―	1,103,214
Inter-segment sales and transfers	3,827	18,911	5,378	1,750	28,068	57,936	△57,936	―
Total sales	342,760	419,911	228,037	107,287	63,154	1,161,151	△57,936	1,103,214
Segment profits (losses)	30,146	34,264	36,164	8,803	4,311	113,690	△7,623	106,066

Notes: 1. Others segment consisted of business segments not attributable to reporting segments and included financial services, real estate operations, insurance agency services, travel agency services, printing and information services, etc.

2. The adjustments for segment information above were as follows:

Segment profit or loss (Millions of yen)

Corporate expense*	△7,575
Elimination of intersegment sales	△47
Total	△7,623

* Corporate expense mainly consisted of administration cost of the Company.

3. Segment profits (losses) were reconciled to operating profit (loss) in the consolidated statements of income.

Year ended March 31, 2025

(Millions of yen)

	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others (*1)	Total	Adjustments (*2)	Consolidated (*3)
Net sales								
Sales to third parties	347,694	396,702	233,524	109,261	36,223	1,123,407	—	1,123,407
Inter-segment sales and transfers	3,215	15,741	3,263	2,235	19,924	44,380	△44,380	—
Total sales	350,909	412,443	236,788	111,497	56,148	1,167,787	△44,380	1,123,407
Segment profits (losses)	32,125	38,164	37,081	13,902	3,762	125,036	△7,389	117,646

Notes: 1. Others segment consisted of business segments not attributable to reporting segments and included financial services, real estate operations, insurance agency services, travel agency services, printing and information services, etc.

2. The adjustments for segment information above were as follows:

Segment profit or loss (Millions of yen)

Corporate expense*	△7,449
Elimination of intersegment sales	59
Total	△7,389

* Corporate expense mainly consisted of administration cost of the Company

3. Segment profits (losses) were reconciled to operating profit (loss) in the consolidated statements of income.

(Amounts Per Share)

(Yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Net assets per share	4,218.41	4,695.56
Profit per share	527.57	642.69

Note 1: Diluted profit per share in 2025 and 2024 is not disclosed because there is no potential common stock that has a dilutive effect.

2: 291 thousand shares of the Company's stock held by the Stock Beneficiaries' Trust are included in the treasury stock which is deducted from the number of shares issued and outstanding as of the end of the period when calculating net assets per share.

3: Profit per share is calculated based on the following:
Furthermore, 105 thousand shares of the Company's stock held by the Stock Beneficiaries' Trust are included the treasury stock which is deducted from the number of shares issued and outstanding as of the end of the period when calculating net income per share.

	Year ended March 31, 2024	Year ended March 31, 2025
Profit per share		
Profit attributable to owners of parent (Millions of Yen)	75,353	92,239
Amount not attributable to shareholders of common stock (Millions of Yen)	—	—
Profit attributable to shareholders of common stock of parent (Millions of Yen)	75,353	92,239
Average number of shares outstanding during the period (Thousands of shares)	142,832	143,520

(Significant Subsequent Events)

None