

(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.)

(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 retirement benefits for directors (and other officers)

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 shareholders' 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 Presentation)

(Consolidated Balance Sheets)

"Electronically recorded monetary claims -trade", which was included in "Notes receivable - trade" under "Current assets" in the previous consolidated fiscal year, has been decided to disclose it separately from this consolidated fiscal year due the possibility that its materiality may increase.

As a result of this change, 74,613 million yen, which was disclosed "Notes receivable - trade" under "Current assets", has been reclassified to 12,718 million yen of "Notes receivable - trade" and 61,894 million yen of "Electronically recorded monetary claims -trade" in the Year ended March 31,2025.

(Notes Regarding Consolidated Balance Sheet)

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Accumulated depreciation of Property, Plant and Equipment	468,971	503,451

(Notes Regarding Consolidated Statement of Changes in Net Assets)

Year ended March 31, 2025

1. Shares issued and outstanding / Treasury stock

(Thousands of shares)

	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 ended 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.

Year ended March 31, 2026

1. Shares issued and outstanding / Treasury stock

(Thousands of shares)

	As of March 31, 2025	Increase in the year	Decrease in the year	As of March 31, 2026
Shares outstanding:				
Common stock	149,296	—	—	149,296
Total	149,296	—	—	149,296
Treasury stock:				
Common stock *1, *2, *3	1,973	3	76	1,900
Total	1,973	3	76	1,900

Notes 1. The increase of 3 thousand shares in treasury stock of common stock was due to the purchase of fractional shares.

2. The decrease of 76 thousand shares in treasury stock of common stock was due to the delivery of 76 thousand shares 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 214 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, 2025	Common stock	12,547	85.0	March 31, 2025	June 5, 2025
Meeting of the Board of Directors on October 30, 2025	Common stock	13,432	91.0	September 30, 2025	December 3, 2025

(2) Dividends with the cut-off date in the year ended March 31, 2026 and effective date in the year ending March 31, 2027

(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 25, 2026 (Scheduled)	Common stock	16,089	Retained Earnings	109.0	March 31, 2026	June 9, 2026

Note: The total amount of dividends resolved at the Meeting of the Board of Directors scheduled on May 25, 2026 includes 23 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.

Effective April 1, 2025, a reorganization was undertaken resulting in changes to the businesses included within the Energy and Industry reportable segments. Year-on-year comparisons use figures that have been restated to reflect these changes.

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

Reporting segments	Main products and services
Energy	Thermal power generation, geothermal power generation, hydroelectric power generation, fuel cells, nuclear power-related equipment, substation equipment, industrial power source, electricity storage systems, energy management systems, solar and wind power generation, uninterruptible power systems (UPSs), switchboards, electricity construction, air conditioning equipment construction
Industry	Inverters, motors, servo systems, power supply (small), measuring instruments, sensors, smart meters, controllers, HMI, drive control systems, measuring and control systems, FA system, transport systems, ship and harbor systems, radiation monitoring systems, power distribution and control equipment, ICT equipment and software
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, 2025

(Millions of yen)

	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others (*1)	Total	Adjustments (*2)	Consolidated (*3)
Net sales								
Sales to third parties	347,717	396,679	233,524	109,261	36,223	1,123,407	—	1,123,407
Inter-segment sales and transfers	6,619	3,353	3,263	2,235	19,924	35,396	(35,396)	—
Total sales	354,336	400,032	236,788	111,497	56,148	1,158,803	(35,396)	1,123,407
Segment profits (losses)	36,263	33,971	37,081	13,902	3,762	124,981	(7,334)	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	114
Total	(7,334)

* 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, 2026

(Millions of yen)

	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others (*1)	Total	Adjustments (*2)	Consolidated (*3)
Net sales								
Sales to third parties	385,260	464,353	234,253	105,573	38,154	1,227,595	—	1,227,595
Inter-segment sales and transfers	8,906	2,878	3,133	2,403	20,203	37,524	(37,524)	—
Total sales	394,167	467,232	237,386	107,976	58,357	1,265,120	(37,524)	1,227,595
Segment profits (losses)	59,506	44,383	23,520	13,132	3,865	144,407	(7,787)	136,620

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*	(7,955)
Elimination of intersegment sales	168
Total	(7,787)

* 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, 2025	Year ended March 31, 2026
Net assets per share	4,695.56	5,428.63
Profit per share	642.69	665.18

Note 1: Diluted profit per share in 2026 and 2025 is not disclosed because there is no potential common stock that has a dilutive effect.

2: 214 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, 238 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, 2025	Year ended March 31, 2026
Profit per share		
Profit attributable to owners of parent (Millions of Yen)	92,239	98,030
Amount not attributable to shareholders of common stock (Millions of Yen)	—	—
Profit attributable to shareholders of common stock of parent (Millions of Yen)	92,239	98,030
Average number of shares outstanding during the period (Thousands of shares)	143,520	147,374

(Significant Subsequent Events)

(Acquisition of Treasury Stock)

At the meeting of the Board of Directors of Fuji Electric Co.,Ltd. held on April 28, 2026, parameters for treasury stock acquisition were approved pursuant to Article 459 (1) of the Companies Act of Japan and Article 39 of the articles of incorporation of the Company.

1. Reason for Parameters for Treasury Stock Acquisition

The following parameters for the treasury stock acquisition were decided for the purpose of facilitating the flexible acquisition of treasury stock based on strategic investment opportunities and on the Company's financial position and share price as part of the efforts to improve capital efficiency and implement capital policies as appropriate given the operating environment.

2. Parameters for Treasury Stock Acquisition

(1) Type of shares to be acquired	Common shares
(2) Upper limit for share acquisition	2,500 thousand shares (1.7% of number of shares issued [excluding treasury stock])
(3) Upper limit for acquisition amount	21,000 million yen
(4) Acquisition period	May 1, 2026 – March 31, 2027
(5) Acquisition method	Planned Market purchases based on a discretionary dealing contract through Tokyo Stock Exchange