Fuji Electric

Innovating Energy Technology

Fuji Electric Report Financials
2024

Contents

Consolidated Financial Highlights

Years ended March 31	Millions of yen 2020	2021	2022*6	2023	2024	Thousands of U.S. dollars*1 2024
Operating Results						
Net sales	¥ 900,604	¥ 875,927	¥ 910,226	¥1,009,447	¥1,103,214	$7,306,055
Japan	679,719	654,020	655,821	717,390	770,790	5,104,575
Overseas	220,885	221,907	254,405	292,057	332,424	2,201,481
Operating profit	42,515	48,595	74,835	88,882	106,066	702,428
Profit Attributable to Owners of Parent	28,793	41,926	58,660	61,348	75,353	499,030
R&D and Capital Investment						
R&D expenditures	¥ 34,457	¥ 33,562	¥ 33,756	¥ 36,216	¥ 36,059	$ 238,807
Plant and equipment investment*2	48,208	35,890	59,320	84,147	68,311	452,396
Depreciation and amortization*3	32,319	36,194	39,969	45,938	51,875	343,545
Cash Flows						
Cash flows from operating activities	¥ 46,087	¥ 26,931	¥ 76,809	¥ 116,163	¥ 84,858	$ 561,976
Cash flows from investing activities	(27,621)	23,477	(22,350)	(49,498)	(62,418)	(413,368)
Free cash flow	18,466	50,408	54,458	66,665	22,439	148,608
Cash flows from financing activities	16,918	(39,518)	(42,894)	(77,192)	(45,868)	(303,762)
Financial Position						
Total assets	¥ 996,827	¥1,051,952	¥1,117,112	¥1,181,552	¥1,271,174	$8,418,371
Total net assets	406,002	461,254	523,729	572,068	661,472	4,380,612
Equity	365,620	416,997	472,900	517,092	602,516	3,990,170
Net interest-bearing debt	153,617	140,872	117,041	99,107	97,362	644,786
Interest-bearing debt	217,364	216,205	208,391	183,273	162,906	1,078,850
Financial Indicators						
Ratio of operating profit to net sales (%)	4.7	5.5	8.2	8.8	9.6	—
Ratio of overseas sales to net sales (%)	24.5	25.3	27.9	28.9	30.1	—
ROE (Return on equity) (%)	8.0	10.7	13.2	12.4	13.5	—
ROA (Return on assets) (%)	3.0	4.1	5.4	5.3	6.1	—
Equity ratio (%)	36.7	39.6	42.3	43.8	47.4	—
Net debt-equity ratio (times)*4	0.4	0.3	0.2	0.2	0.2	—
Debt-equity ratio (times)*5	0.6	0.5	0.4	0.4	0.3	—
Per Share Data	Yen					U.S. dollars*1
Profit	¥ 201.57	¥ 293.52	¥ 410.68	¥ 429.50	¥ 527.57	$ 3.494
Net assets	2,559.60	2,919.34	3,310.80	3,620.23	4,218.41	27.936
Cash dividends	80.00	85.00	100.00	115.00	135.00	0.894
Dividend payout ratio (%)	39.70	29.00	24.30	26.80	25.60	—
Others						
Employees	27,960	27,593	26,757	27,123	27,325	—
Japan	17,681	17,647	17,493	17,392	17,340	—
Overseas	10,279	9,946	9,264	9,731	9,985	—
Total shareholder return (%)	80.5	152.1	204.6	177.7	342.8	—
(Comparative indicator: TOPIX including dividends)	(90.5)	(128.6)	(131.2)	(138.8)	(196.2)	—
Highest stock price (Yen)	3,950	4,860	6,500	6,390	10,410	—
Lowest stock price (Yen)	1,960	2,197	4,370	4,870	4,965	—

*1 The U.S. dollar amounts represent the arithmetic results of translating yen into dollars at ¥151 = U.S. $1, the approximate exchange rate at March 31, 2024.
*2 Plant and equipment investment is the total of investment in tangible fixed assets, including acquisition amounts for lease contracts.
*3 Depreciation and amortization expense is the total of the depreciation of tangible fixed assets and amortization of intangible assets.
*4 Net debt-equity ratio is the ratio of net interest-bearing debt (interest-bearing debt + lease obligations – cash and cash equivalents)to equity.
*5 Debt-equity ratio is the ratio of interest-bearing debt to equity.
*6 From the beginning of the fiscal year ended March 31, 2022, the company applied the “Accounting Standard for Revenue Recognition” (Accounting Standard Board of Japan (“ASBJ”) statement No. 29 issued on March 31, 2020),etc. The figures after consolidated accounting period as of March 31, 2022 in the “Consolidated Financial Highlights” reflect the application of the accounting standards.

Management's Discussion and Analysis

Overview

We achieved the targets outlined in our Medium-Term Management Plan ending in fiscal 2023, “Reiwa Prosperity 2023,” a year ahead of schedule in fiscal 2022. These targets included net sales of ¥1 trillion and an operating margin of 8.0% or higher. Fiscal 2023 was a significant year as it marked our 100th anniversary. We focused on further growth, advancing our core strategies in the power electronics and power semiconductor businesses, in order to promote our growth strategies. To further improve profitability, we aimed to enhance our manufacturing capabilities on a global scale. As part of our efforts toward the ongoing reinforcement of our operating foundations, we focused on promoting ESG (environmental, social, and governance) principles, as well as aiming to enhance our adaptability to changes in the external environment and to pursue further increases in sales and profits.

In fiscal 2023, the market environment surrounding the Company was characterized by strong capital investment in manufacturing and data centers. This was driven by a rising demand for the electrification of automobiles, energy savings, and digital infrastructure, fueled by broader capital investments in decarbonization and digitalization. Conversely, demand in fields like machine tools remained weak, influenced by the ongoing economic slowdown in China.

Financial Performance

Net Sales

Net sales in fiscal 2023 increased by 9.3%, to ¥1,103,214 million.

In all of the segments, Energy, Industry, Semiconductors, and Food and Beverage Distribution segments, net sales increased. Domestic sales increased by 7.4%, to ¥770,790 million. Overseas sales increased by 13.8%, to ¥332,423 million.

The ratio of overseas sales increased by 1.2 percentage points, to 30.1%.

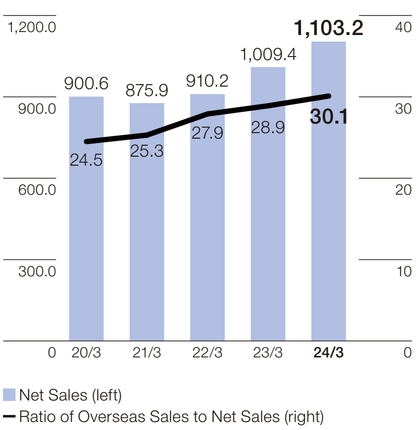
Cost of Sales, Selling, General and Administrative Expenses and Operating Profit

Cost of sales increased by 9.2 percentage points, to ¥799,925 million. The ratio of cost of sales to net sales decreased by 0.1 percentage points, to 72.5%.

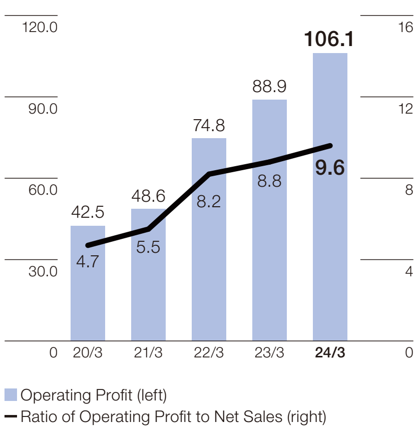
Selling, general and administrative expenses increased by 4.9%, to ¥197,223 million. The ratio of selling, general and administrative expenses to net sales decreased by 0.7 percentage point, to 17.9%.

Operating profit increased by ¥17,184 million, to ¥106,066 million, primarily due to higher sales and production volumes, increase in product sales price, strengthening cost reduction and impact from foreign exchange rate fluctuations, while being affected by soaring material prices, power cost and increasing the expenses due to expansion of the production capacity. The operating margin increased by 0.8 percentage points, to 9.6%.

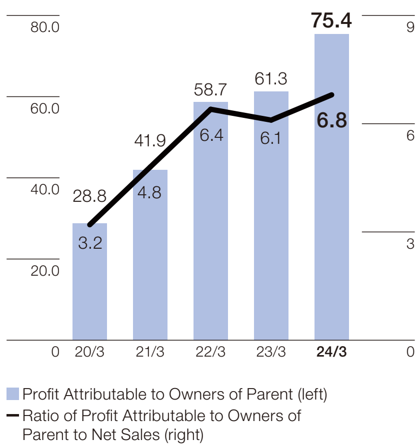
Net Sales / Ratio of Overseas Sales to Net Sales



Operating Profit / Ratio of Operating Profit to Net Sales



Profit Attributable to Owners of Parent / Ratio of Profit Attributable to Owners of Parent to Net Sales



Non-Operating Income (Expenses) and Ordinary Profit

Non-operating income (net) was ¥1,756 million, a ¥2,826 million increase from ¥1,071 million of non-operating expenses in the previous fiscal year. This increase was primarily due to a ¥2,419 million foreign exchange gain, which ¥1,148 million foreign exchange loss turned into, while recording loss on guarantees by ¥660 million. As a result, ordinary profit increased by ¥20,011 million, to ¥107,822 million.

Extraordinary Income (Loss), Profit before Income Taxes and Non-Controlling Interests

Extraordinary income was ¥8,554 million, included gain on sales of noncurrent assets and gain on sales of investment securities.This represented a ¥2,599 million decrease due to a decrease in gain on sales of investment securities.

Extraordinary loss was ¥2,344 million, included loss on disposal of noncurrent assets, loss on devaluation of investment securities and loss on sales of investment securities. This represented a ¥874 million decrease due to a decrease in loss on devaluation of investment securities and provision for loss on liquidation of subsidiaries and associates in previous fiscal year while an increase in loss on disposal of noncurrent assets.

Profit

Profit before income taxes increased by ¥18,286 million, to ¥114,032 million. After deducting ¥31,961 million of income taxes (the net of income taxes-current and income taxes-deferred) and ¥6,718 million of profit attributable to non-controlling interests, profit attributable to owners of parent increased by ¥14,005 million, to ¥75,353 million.

Results by Business Segment

Energy

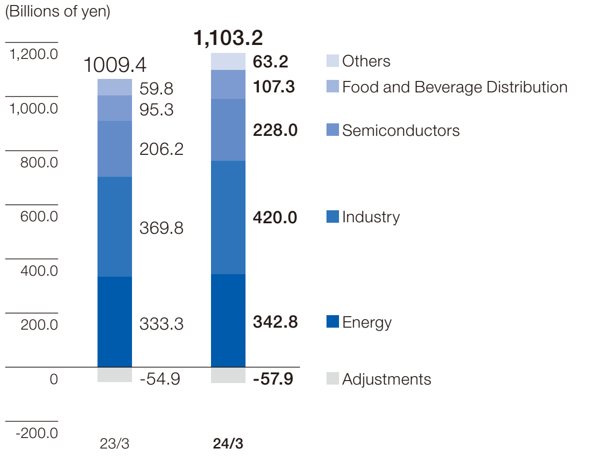
Net sales: ¥342,760 million (an increase of 2.8%)
Operating profit: ¥30,146 million (an increase of ¥1,585 million)

Net sales and operating profit increased primarily due to large-scale orders for energy management and higher demand for the facility / power source system business while lower demand for power generation and ED&C.

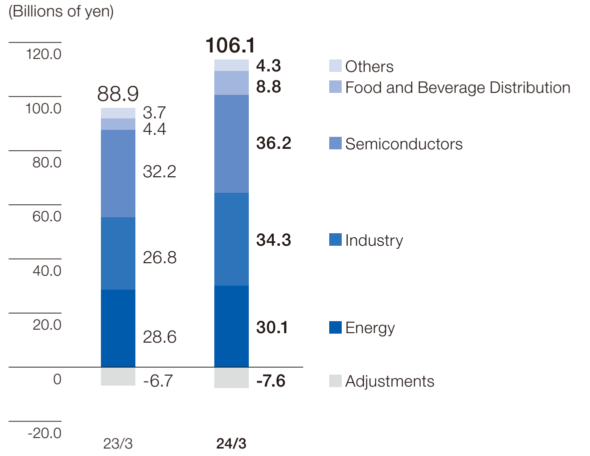
- In the power generation business, net sales and operating profit decreased primarily due to large-scale orders for renewable energy in the previous fiscal year.
- In the energy management business, net sales and operating profit increased primarily due to large-scale orders for industrial substation and power source while a decrease of large-scale orders for solar power.
- In the facility / power source system business, net sales and operating profit increased due to higher demand for data centers and semiconductor manufacturers.
- In the ED&C components business, net sales and operating profit decreased due to lower demand from machine set manufacturers and semiconductor manufacturers.

Orders received in fiscal 2023 (Energy segment of Fuji Electric Co., Ltd., non-consolidated-basis)totaled ¥232 billion.

Net Sales by Segment



Operating Profit (Loss) by Segment



Industry

Net sales: ¥419,911 million (an increase of 13.5%)
Operating profit: ¥34,264 million (an increase of ¥7,508 million)

Net sales and operating profit increased primarily due to higher demand in the automation business, the social solutions business and the equipment construction business.

- In the factory automation business net sales and operating profit increased primarily due to an increase in production of the components.
- In the social solutions business, net sales and operating profit increased primarily due to higher demand for the nuclear power-related equipment business and radiation instruments business.
- In the equipment construction business, net sales and operating profit increased primarily due to large-scale orders for air conditioning equipment construction.
- In the IT solutions business, net sales increased due to large-scale orders. However, operating profit was the same level as the previous fiscal year due to less favorable sales mix.

Orders received in fiscal 2023 (Industry segment of Fuji Electric Co., Ltd., non-consolidated-basis) totaled ¥197.6 billion.

Semiconductors

Net sales: ¥228,037 million (an increase of 10.6%)
operating profit: ¥36,164 million (an increase of ¥3,978 million)

- In the semiconductors business, net sales increased primarily due to higher demand for power semiconductors for electric vehicles (xEV) while sales and production decreased due to the impact of procurement in the fourth quarter of fiscal 2023. Operating profit increased due to sales increased, while increasing the costs related to the expansion of production capacity for power semiconductor and being affected by soaring material prices and power cost.

Orders received in fiscal 2023 (Semiconductors segment of Fuji Electric Co., Ltd., non-consolidated-basis) totaled ¥187.3 billion.

Food and Beverage Distribution

Net sales: ¥107,287 million (an increase of 12.6%)
Operating profit: ¥8,803 million (an increase of ¥4,453 million)

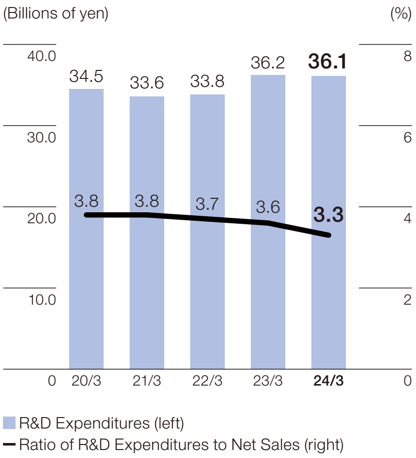
- In the vending machine business, net sales and operating profit increased primarily due to higher demand in domestic market and cost reduction.
- In the store distribution business, net sales and operating profit increased due to higher demand for renovation of store equipment for convenience stores and large-scare orders for counter fixtures.

Orders received in fiscal 2023 (Food and Beverage Distribution segment of Fuji Electric Co., Ltd., non-consolidated-basis) totaled ¥101.9 billion.

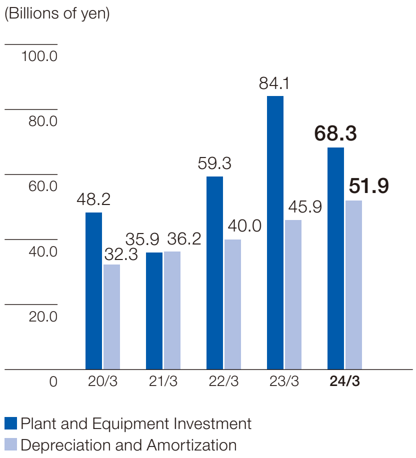
Others

Net sales: ¥63,154 million (an increase of 5.6%)
Operating profit: ¥4,311 million (an increase of ¥562 million)

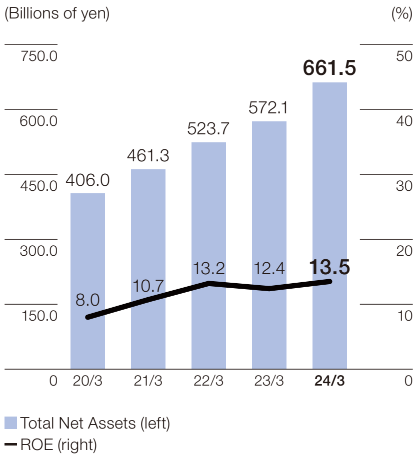
R&D Expenditures / Ratio of R&D Expenditures to Net Sales



Plant and Equipment Investment / Depreciation and Amortization



Total Net Assets / ROE



R&D Investment and Plant and Equipment Investment

R&D

Fuji Electric is engaged in many advanced systems such as creations of energy, stable supplies of energy, energy conservation, automation, and electrification of mobility by utilizing core technologies such as power semiconductors, power electronics, measuring and control, and cooling.

The Company's R&D expenditures in fiscal 2023 totaled ¥36,059 million.

As of March 31, 2024, the number of our industrial property rights registered in Japan and overseas was 13,268.

Plant and Equipment Investment

In fiscal 2023, in order to increase sales, we invested a total of ¥68,311 billion in efforts to expand production capacity and accelerate the development of new products, including testing equipment and investments in environmental measures. The major investments were as follows.

In the semiconductors business, in response to the growing demand for electrified vehicles and renewable energy, we continued major investments in enhancing the production capacity for power semiconductor Si chips at Fuji Electric (Malaysia) Sdn. Bht., and also made investments at sites in Japan and overseas to increase the production capacity of IGBT modules, primarily for automotive applications. Additionally, we made investments to increase the capacity for power semiconductor SiC chip production within Japan.

In the energy field, aiming for environmentally friendly product development, we invested in large-capacity short-circuit testing equipment at the Chiba Factory to expedite the development of substation equipment. At the Fukiage Factory, we introduced production equipment for our new product, SC-NEXT, a compact and energy-efficient magnetic switch.

As part of our environmental investments aimed at reducing greenhouse gas emissions, we introduced solar power generation facilities at Fuji Electric Philippines, Inc., and updated the cogeneration system at our Matsumoto Factory. Furthermore, we are advancing our initiatives to achieve our Environmental Vision 2050 through updates to facilities using abatement apparatuses and energy-saving equipment.

Financial Position

Total Assets

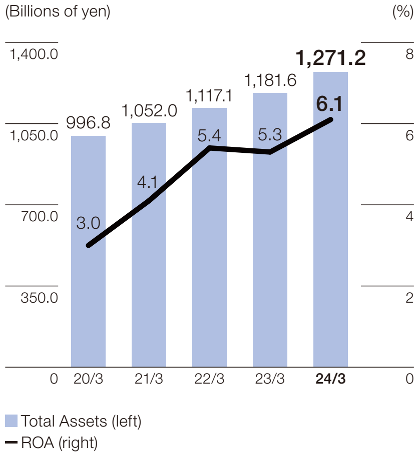
As of March 31, 2024, total assets was ¥1,271,174 million, an increase of ¥89,622 million.

Current Assets and Current Liabilities

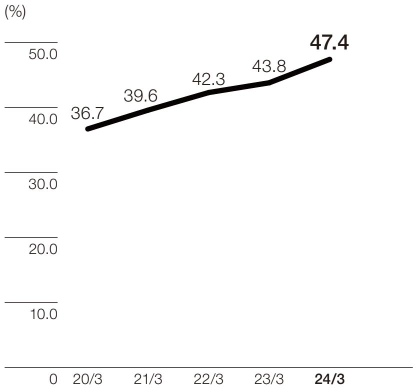
Total current assets was ¥763,072 million, an increase of ¥49,519 million. This increase was primarily due to an increase of ¥20,910 million in accounts receivable-trade,¥19,599 million in contract assets, ¥27,444 million in inventories.

Total current liabilities was ¥475,342 million, an increase of ¥28,516 million. This increase was primarily due to an increase of ¥38,660 million in short-term debt.

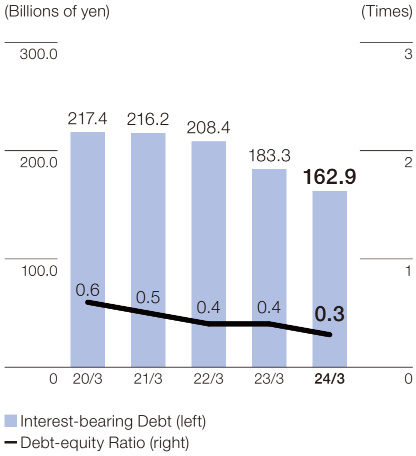
Total Assets / ROA



Equity Ratio



Interest-bearing Debt / Debt-equity Ratio



Noncurrent Assets
Total noncurrent assets was ¥508,064 million, an increase of ¥40,118 million. Net property, plant and equipment was ¥311,456 million, an increase of ¥27,544 million. Total investments and other assets was ¥196,646 million, an increase of ¥12,559 million. This increase was primarily due to an increase of ¥9,967 million in investment securities mainly due to increase in valuation difference on available-for-sale securities.

Long-term Liabilities
Total long-term liabilities was ¥134,360 million, a decrease of ¥28,298 million. This decrease was primarily due to a decrease of ¥13,500 million in long-term debt and ¥18,184 million in lease obligations.

Net Assets
As of March 31, 2024, net assets was ¥661,472 million, an increase of ¥89,404 million. This increase was primarily due to an increase of ¥58,213 million in retained earnings and ¥15,551 million in foreign currency translation adjustments. As a result, the equity ratio was 47.4%, an increase of 3.6 percentage points.

Debt
As of March 31, 2024, interest-bearing debt was ¥162,906 million, a decrease of ¥20,367 million. The ratio of interest-bearing debt to total assets was 12.8%, a decrease of 2.7 percentage-points.

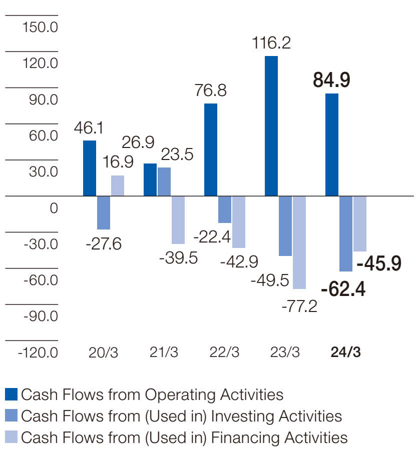
Cash Flow
Consolidated free cash flow (net cash provided by (used in) operating activities +net cash provided by (used in) investing activities) was a positive ¥22,440 million, a ¥44,225 million decrease from the previous fiscal year's positive free cash flow of ¥66,665 million.

Cash Flows from Operating Activities
Net cash provided by operating activities was ¥84,858 million, compared with ¥116,163 million in the previous fiscal year. Major factors of the cash decrease included an increase in trade receivables, contract assets and inventories. Major factors of the cash increase included profit before income taxes. Cash flows from operating activities decreased by ¥31,305 million.

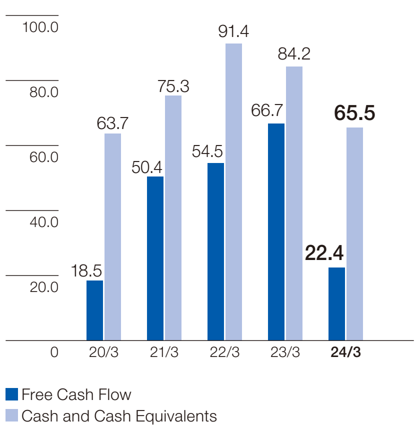
Cash Flows from Investing Activities
Net cash used in investing activities was ¥62,418 million, compared with net cash used by investing activities of ¥49,498 million in the previous fiscal year. This was primarily due to purchases of property, plant and equipment offset by sales of investment securities. Net cash used in investing activities increased by ¥12,920 million.

Cash Flows from Financing Activities
Net cash used in financing activities was ¥45,868 million, compared with net cash used in financing activities of ¥77,192 million in the previous fiscal year. This was primarily due to repayments of long-term loans payable and repayments of lease obligations partially offset by net decrease in short-term loans payable. Net cash used in financing activities decreased by ¥31,324 million.

Cash Flows



Free Cash Flow / Cash and Cash Equivalents



Risk Factors

Fuji Electric manages business and other risks in a coordinated, systematic manner and takes appropriate measures to minimize the impact of such risks. The following factors were judged to have a potential future effect on Fuji Electric's business performance and financial position. Any forward-looking statements in the following are based on the judgment of management as of the date of submitting the securities report (June 25, 2024).

(1) Management Strategies, Business Strategies, and Operating Environment

Fuji Electric works to swiftly concentrate management resources on businesses earmarked for growth while making capital and R&D investments aimed at expanding and developing its businesses. With respect to semiconductor-related capital investments, which require large amounts of money, we make decisions based on negotiations with customers regarding physical quantities and pricing. Regarding R&D investments, we emphasize consistency with our business strategies and contribution to our businesses. Based on our roadmap, we pursue R&D on fundamental and advanced technologies that support Fuji Electric's future. Here, the management engages in regular deliberations about key development themes and constantly reviews the roadmap according to market changes. However, the semiconductor field is characterized by short product cycles, major fluctuations in product supply/demand levels, and intense competition. In some cases, therefore, we may be unable to recover our investment, which may affect its business performance and financial position.

Fuji Electric is contributing to realize a sustainable society through our energy and environment related businesses, considering protection of the global environment to be an important management priority. Also, we promote our Environmental Vision 2050, which aims to realize a low-carbon society, recycling-oriented society, and a society in harmony with nature, across the supply chain. Further, we announced its support for the recommendations of the TCFD, Task Force on Climate-related Financial Disclosures, and conduct climate change risk analysis from a long-term perspective. However, stricter enforcement of the Paris Agreement and other environmental regulations, as well as assessments by ESG evaluation institutions may lead to stronger criticism of part of Fuji Electric's operations (coal-fired power generation business), which may affect its business performance and financial position.

Fuji Electric has business bases around the world and provides products and services to markets and customers in multiple regions. The spread of infectious diseases in many countries has led to restrictions on economic activities.These have had various effects on Fuji Electric's business activities, including restrictions on sales activities, factory operation suspensions, and limitations on construction site visits.

If these restrictions are tightened, it could increase the impact on Fuji Electric's business activities, which may affect its business performance and financial position.

(2) Corporate Governance

Fuji Electric is working to strengthen its corporate governance by improving management transparency and auditing functions during normal times. However, an unprecedented event may lead to deficiencies in our internal control and audit functions, resulting in corporate governance breakdown and business disruption, etc., which may affect our business performance and financial position.

(3) Business Reorganizations, Alliances, and Withdrawals

Fuji Electric actively engages in M&As, joint ventures, business alliances, and the like with third parties in order to strengthen its competitiveness in each business field. As part of these activities, we share our corporate philosophy, management policy, code of conduct, business plans, business strategies, and so on to facilitate integration of our business strategies, technologies, products, and human resources. Through management meetings and other forums, we strive to maintain close communication with partners and build good relationships with them. Due to differences in systems and cultures, however, we may be unable to achieve the desired outcomes, which may affect our business performance and financial position.

(4) Orders, Marketing, and Sales Promotion

Fuji Electric is developing operations actively in overseas markets, focusing particularly on expanding sales in China and other Asian markets. We have sales offices in various markets to better understand customer trends and centrally manage the information we collects for analysis and consideration and otherwise strive not to miss business opportunities. We also work to reduce costs and expenses in order to minimize the impact of domestic and overseas trends on our business performance. However, any number of events may affect our business performance and financial position. These include deteriorating market conditions in each country—including private capital investments and public expenditures—as well as sudden changes in supply and demand of products, intensifying competition, and the resultant significant falls in prices.

Fuji Electric receives orders for large-scale plant projects in the energy field and the industry field, etc. In order to secure appropriate profits in each project, we work to improve the accuracy of our quotations at the time of order receipt and strengthen project management afterwards. After receipt of orders, however, any number of events may affect our business performance and financial position. These include unanticipated specification changes, process delays, and profitability declines due to natural disasters and the like.

(5) Development and Design Engineering

Fuji Electric has established an R&D system to accelerate research and development and constantly monitors market, customer needs and the latest technological trends. At the same time, we conduct R&D aimed at creating strong components and systems, focused on power electronics and power semiconductor technologies, and R&D to develop solutions that generate customer value through combinations of elemental technologies.

Due to rapid technological advances, however, we may lose our advantage over other companies, and product development may not proceed as planned, making it impossible to launch new product at the right time. Any of these events may affect our business performance and financial position.

(6) Procurement

Fuji Electric deploys various means, including product swaps, to reduce the risk of rising raw material prices. However, in addition to increasing raw material and components prices against the background of a weak yen, such changes as the drastically increasing demand in emerging nations may result in tightened supply and demand as regards materials and raw materials and significant increases in their prices. Any of these events may affect our business performance and financial position.

(7) Production, Manufacturing, Shipping, Logistics, Installation, Delivery, and Service

Fuji Electric always keeps track of the latest physical quantity flows by sharing information between its sales and business departments at management meetings and other forums. We have also built an optimal production management system that can respond to changes in physical quantity flows by such as improving productivity and promoting local production for local consumption. However, an unprecedented event could result in increased/decreased demand and other changes in physical quantity flows, leading to delayed responses and inventory shortages/surpluses, which may affect our business performance and financial position.

Through reforms of its supply chain, Fuji Electric works to promote “completely localized” manufacturing through local production for local consumption while also emphasizing global procurement. However, an unprecedented event could result in restrictions on human and commodity movements and disruptions to our distribution network. This could prevent our supply chain from functioning and cause delays in deliveries, which may affect our business performance and financial position.

(8) Quality Assurance

Fuji Electric has established a quality control system for the products it manufactures and sells and strives to ensure high quality standards. Although we have made the necessary insurance arrangements, an unprecedented event could cause quality-related problems in our products to arise and spread, which may affect our business performance and financial position.

(9) Human Resources and Labor

The business activities of Fuji Electric depend heavily on its human resources. To attract and develop excellent human resources in various fields—such as technology, production, sales, and business management—we focus on cultivating professional human resources who will help strengthen our global competitiveness. We also actively conduct employee education and training and are expanding mid-career recruitment and other measures to attract exceptional human resources. However, failure to attract and develop such important human resources may have an impact on our business performance and financial position.

(10) Finance and Accounting

Seeking to minimize fund-raising costs, Fuji Electric constantly examines the optimal mix of corporate bonds, commercial paper, and short-term and long-term borrowings, in order to ensure flexible and stable financing arrangements. However, an unexpected increase in interest rates could raise the interest rate burden on our interest-bearing debt, which may have an impact on our business performance and financial position.

Fuji Electric works to strengthen credit management, including by monitoring long-overdue receivables and the financial status of business partners, in order to enhance its collection of trade receivables. However, restrictions on economic activities and economic downturn could cause business partners’ cash flows to deteriorate and prevent us from recovering debts, which may have an impact on our business performance and financial position.

(11) Legal and Ethical

Fuji Electric engages in business in various fields and regions, and as such is subject to the laws and regulations of each country. The Fuji Electric Compliance Promotion Committee, chaired by our representative director, spearheads efforts to ensure rigorous compliance with laws and regulations. We also have a compliance program that clearly identifies roles and responsibilities covering each aspect of legal regulations—namely, internal rules, monitoring, auditing, and education—and our compliance structure also includes a whistleblowing system. However, any occurrence of legal violations and the like may have an impact on our business performance and financial position.

In preparation for lawsuits and other legal disputes, Fuji Electric has formed a task force aimed at building a system to ensure that necessary procedures (fact investigation, corrective action, recurrence prevention, internal write-down, and disclosure) and are conducted promptly. However, we may be ordered to pay unexpectedly large amounts of damages, which, depending on the nature of the decision, may have an impact on our business performance and financial position.

Fuji Electric strives to effectively protect intellectual property rights and develop products and technologies that respect the rights of other companies. Due to the speed of technological innovation and the global expansion of our business activities, however, intellectual property disputes could arise, which may have an impact on our business performance and financial position.

(12) Political and Socioeconomic Trends

Fuji Electric engages in currency exchange contracts, based on certain criteria, to minimize the impact of foreign exchange fluctuations. However, any changes in exchange rates, primarily between the yen and the U.S. dollar, may have an impact on our business performance and financial position.

Fuji Electric develops its business in many overseas markets, mainly in China and other Asian markets, and always closely monitors the latest information on geopolitical risks. We are also diversifying our production and sales bases in preparation for unexpected risks.

However, any of the following events may have an impact on our business performance and financial position:

- Unexpected enactment of laws/regulations and changes in tax systems with adverse effects
- Disadvantageous political situations
- Social turmoil due to social upheaval, terrorism, war, and the like

(13) Trends of Shareholder and Other Investors

Fuji Electric attaches great importance to disclosure of financial information, active disclosure of non-financial information, and communication with shareholders and institutional investors. We also strive to foster understanding of our management through sincere and accurate disclosure of information according to our Disclosure Policy. However, the intentions of stockholders and other investors may differ from those of the Company's management, which could result in a vote against the election of directors. Also, a shareholder proposal against management could cause disruption of our operations. These and other events may have an impact on our business performance and financial position.

(14) Natural Disasters and Accidents

Fuji Electric has business bases all over the world and is committed to fulfilling its responsibilities to customers and society by continuously supplying products and services in the event of disaster or accident. To this end, we established a dedicated crisis management team to spearhead fire and disaster prevention efforts, formulation of a business continuity plan (BCP), and adoption of necessary insurance arrangements in order to "strengthen our business continuity capability." However, any number of events may have an impact on our business performance and financial position. These include large-scale disasters or accidents at/near our business sites, which could cause damage of production equipment, interruption of operations, and delays in product shipments.

(15) External Attacks

To address increasingly diversified and sophisticated cyber-security threats, Fuji Electric established a countermeasure system and a security response organization (CSIRT/SOC) to monitor and suppress any attacks. We are also continuously strengthening our response capabilities—in such areas as defense, detection system reinforcement, and cyber training—to prepare for the emergence of new threats. However, any number of events may have an impact on our business performance and financial position. These include system malfunction and information leakage due to external attacks (such as cyber-terrorism), resulting in loss of social trust.

Consolidated Balance Sheets

As of March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Assets			
Current Assets:			
Cash and cash equivalents (Note 6)	¥ 65,543	¥ 84,165	$ 434,064
Short-term investments (Notes 5, 6 and 7)	643	534	4,260
Notes receivable-trade (Note 6)	77,134	76,013	510,822
Accounts receivable-trade (Note 6)	257,372	236,462	1,704,451
Contract assets	95,622	76,023	633,263
Allowance for doubtful accounts	(10,337)	(7,573)	(68,461)
Inventories (Note 4)	226,135	198,691	1,497,587
Other current assets	50,960	49,238	337,471
Total Current Assets	763,072	713,553	5,053,457
Property, Plant and Equipment (Note 5)**:**			
Land	35,870	35,604	237,556
Buildings and structures	298,099	284,883	1,974,170
Machinery and equipment	278,484	218,668	1,844,266
Lease assets (Note 19)	103,923	112,542	688,238
Construction in progress	42,508	40,853	281,487
Others	4,260	4,038	28,218
	763,144	696,588	5,053,935
Less accumulated depreciation	(451,688)	(412,676)	(2,991,311)
Net Property, Plant and Equipment	311,456	283,912	2,062,624
Investments and Other Assets:			
Investment securities (Notes 5, 6 and 7):			
Unconsolidated subsidiaries and affiliates	21,687	20,669	143,627
Other	96,739	87,790	640,662
Long-term loans receivable	4,521	811	29,943
Net defined benefit asset (Note 2 and 11)	25,401	19,918	168,223
Deferred tax assets (Note 16)	11,478	16,636	76,017
Other investments and other assets (Note 19)	39,249	38,751	259,910
Allowance for doubtful accounts	(2,429)	(488)	(16,092)
Total Investments and Other Assets	196,646	184,087	1,302,290
Total Assets	¥1,271,174	¥1,181,552	$8,418,371

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Liabilities and Net Assets			
Current Liabilities:			
Short-term debt (Notes 5, 6 and 9)	¥ 47,759	¥ 9,099	$ 316,289
Current portion of long-term debt (Notes 5, 6 and 9)	28,500	52,776	188,742
Trade payables (Notes 5 and 6)	207,408	201,593	1,373,566
Lease obligations (Notes 6 and 10)	20,283	23,261	134,330
Contract liabilities	55,007	49,449	364,291
Income taxes payable (Note 16)	19,676	18,710	130,308
Provision for product warranties (Note 2)	2,724	3,775	18,043
Other current liabilities (Note 24)	93,985	88,163	622,393
Total Current Liabilities	475,342	446,826	3,147,962
Long-term Liabilities:			
Long-term debt (Notes 5, 6, and 9)	35,100	48,600	232,451
Lease obligations (Notes 6 and 10)	28,711	46,895	190,142
Net defined benefit liability (Notes 2 and 11)	63,803	60,345	422,540
Provision for directors' retirement benefits	79	65	526
Deferred tax liabilities (Note 16)	840	1,085	5,566
Other long-term liabilities (Note 24)	5,827	5,668	38,572
Total Long-term Liabilities	134,360	162,658	889,797
Total Liabilities	609,702	609,484	4,037,759
Contingent Liabilities (Note 19)**:**			
Net Assets (Note 25)			
Shareholders' Equity:			
Capital stock (Note 12):			
Authorized - 320,000,000 shares			
Issued- 149,296,991 shares as of March 31, 2024	47,586	—	315,140
149,296,991 shares as of March 31, 2023	—	47,586	—
Capital surplus	45,954	45,953	304,332
Retained earnings	423,135	364,922	2,802,223
Treasury stock at cost (Note 12) :			
6,466,915 shares as of March 31, 2024	(7,397)	—	(48,988)
6,462,999 shares as of March 31, 2023	—	(7,370)	—
Total Shareholders' Equity	509,278	451,091	3,372,707
Accumulated Other Comprehensive Income (Loss):			
Valuation difference on available-for-sale securities	54,717	45,550	362,365
Deferred gains or losses on hedges (Notes 6 and 8)	(35)	241	(234)
Foreign currency translation adjustments	37,774	22,223	250,151
Remeasurements of defined benefit plans	782	(2,013)	5,181
Total Accumulated Other Comprehensive Income	93,238	66,001	617,463
Non-controlling interests	58,956	54,976	390,442
Total Net Assets	661,472	572,068	4,380,612
Total Liabilities and Net Assets	¥1,271,174	¥1,181,552	$8,418,371

Consolidated Statements of Income

Years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Net Sales	¥1,103,214	¥1,009,447	$7,306,055
Cost of Sales (Note 13)	799,925	732,529	5,297,518
Gross Profit	303,289	276,918	2,008,537
Selling, General and Administrative Expenses (Notes 13 and 14)	197,223	188,036	1,306,109
Operating profit	106,066	88,882	702,428
Non-Operating Income (Expenses):			
Interest and dividend income	3,346	3,742	22,161
Interest expense	(2,101)	(1,993)	(13,919)
Provision of allowance for doubtful accounts for subsidiaries and affiliates	—	(145)	—
Foreign exchange gains (losses)	2,419	(1,148)	16,026
Equity in earnings of affiliates	1,076	878	7,132
Other, net	(2,984)	(2,405)	(19,770)
	1,756	(1,071)	11,630
Ordinary Profit	107,822	87,811	714,058
Extraordinary Income, Net (Note 15)	6,210	7,935	41,122
Profit Before Income Taxes	114,032	95,746	755,180
Income Taxes (Note 16)	31,961	27,112	211,667
Profit	82,071	68,634	543,513
Profit Attributable To Non-controlling Interests	6,718	7,286	44,483
Profit Attributable To Owners of Parent (Note 25)	¥ 75,353	¥ 61,348	$ 499,030

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Profit	¥ 82,070	¥68,634	$543,513
Other Comprehensive Income (Loss) (Note 17)			
Valuation difference on available-for-sale securities	8,871	(6,202)	58,754
Deferred gains or losses on hedges	(277)	(265)	(1,836)
Foreign currency translation adjustments	16,458	8,175	108,985
Remeasurements of defined benefit plans	2,804	(3,279)	18,573
Share of other comprehensive income of associates accounted for using equity method	432	54	2,865
Total Other Comprehensive Income(Loss)	28,288	(1,517)	187,341
Comprehensive Income	¥110,358	¥67,117	$730,854
Comprehensive Income Attributable to:			
Owners of parent	¥102,590	¥59,915	$679,407
Non-controlling interests	7,768	7,202	51,447

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2024 and 2023

	Thousands	Millions of yen										
	Number of shares of capital stock	Capital stock	Capital surplus	Retained earnings	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Treasury stock	Total	Non-controlling interests	Total net assets
Balance at March 31, 2022	149,296	¥47,586	¥45,955	¥319,285	¥51,649	¥507	¥14,170	¥ 1,107	¥(7,359)	¥472,900	¥50,829	¥523,729
Profit attributable to owners of parent	—	—	—	61,348	—	—	—	—	—	61,348	—	61,348
Cash dividends	—	—	—	(15,711)	—	—	—	—	—	(15,711)	—	(15,711)
Purchase of treasury stock	—	—	—	—	—	—	—	—	(11)	(11)	—	(11)
Sales of treasury stock	—	—	0	—	—	—	—	—	0	0	—	0
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	(2)	—	—	—	—	—	—	(2)	—	(2)
Net changes of items other than shareholders' equity	—	—	—	—	(6,099)	(266)	8,053	(3,120)	—	(1,432)	4,147	2,715
Balance at March 31, 2023	149,296	¥47,586	¥45,953	¥364,922	¥45,550	¥241	¥22,223	¥(2,013)	¥(7,370)	¥517,092	¥54,976	¥572,068
Profit attributable to owners of parent	—	—	—	75,353	—	—	—	—	—	75,353	—	75,353
Cash dividends	—	—	—	(17,140)	—	—	—	—	—	(17,140)	—	(17,140)
Purchase of treasury stock	—	—	—	—	—	—	—	—	(27)	(27)	—	(27)
Sales of treasury stock	—	—	1	—	—	—	—	—	0	1	—	1
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	
Net changes of items other than shareholders' equity	—	—	—	—	9,167	(276)	15,551	2,795	—	27,237	3,980	31,217
Balance at March 31, 2024	**149,296**	**¥47,586**	**¥45,954**	**¥423,135**	**¥54,717**	**¥ (35)**	**¥37,774**	**¥ 782**	**¥(7,397)**	**¥602,516**	**¥58,956**	**¥661,472**
		Thousands of U.S. dollars (Note 3)										
Balance at March 31, 2023	149,296	$315,140	$304,330	$2,416,703	$301,656	$ 1,601	$147,166	$(13,337)	$(48,811)	$3,424,448	$364,085	$3,788,533
Profit attributable to owners of parent	—	—	—	499,030	—	—	—	—	—	499,030	—	499,030
Cash dividends	—	—	—	(113,510)	—	—	—	—	—	(113,510)	—	(113,510)
Purchase of treasury stock	—	—	—	—	—	—	—	—	(177)	(177)	—	(177)
Sales of treasury stock	—	—	2	—	—	—	—	—	—	2	—	2
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	60,709	(1,835)	102,985	18,518	—	180,377	26,357	206,734
Balance at March 31, 2024	**149,296**	**$315,140**	**$304,332**	**$2,802,223**	**$362,365**	**$ (234)**	**$250,151**	**$ 5,181**	**$(48,988)**	**$3,990,170**	**$390,442**	**$4,380,612**

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Cash Flows from Operating Activities:			
Profit before income taxes	¥114,032	¥ 95,746	$ 755,180
Depreciation and amortization	51,875	45,938	343,545
Increase in allowance for doubtful accounts	4,241	2,347	28,087
Decrease in provision for product warranties	(1,071)	(3,506)	(7,094)
Interest and dividend income	(3,346)	(3,742)	(22,161)
Interest expense	2,101	1,993	13,919
Foreign exchange gain	(428)	(474)	(2,838)
Gain on sale of noncurrent assets	(966)	(939)	(6,401)
Gain on sale of investment securities	(6,855)	(9,917)	(45,401)
Provision for loss on liquidation of subsidiaries and associates	—	1,115	—
Loss on disposal of noncurrent assets	1,441	569	9,546
Loss on devaluation of investment securities	171	1,236	1,133
Changes in operating assets and liabilities:			
Trade receivables and contract assets	(35,699)	(28,444)	(236,423)
Inventories	(21,360)	(25,709)	(141,463)
Trade payables	3,516	28,711	23,288
Contract liabilities	4,357	9,748	28,858
Other, net	3,058	22,934	20,267
Cash generated from operations	115,067	137,606	762,042
Interest and dividends received	3,438	3,679	22,772
Interest expenses paid	(2,166)	(1,996)	(14,350)
Income taxes paid	(31,481)	(23,126)	(208,488)
Net cash provided by operating activities	84,858	116,163	561,976
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment	(66,960)	(61,080)	(443,447)
Proceeds from sale of property, plant and equipment	1,182	2,698	7,834
Purchase of investment securities	(318)	(212)	(2,110)
Proceeds from sale of investment securities	11,626	17,842	76,994
Payments of loans receivable	(18,313)	(14,123)	(121,279)
Collection of loans receivable	17,277	11,306	114,419
Other, net	(6,912)	(5,929)	(45,779)
Net cash used in investing activities	(62,418)	(49,498)	(413,368)
Cash Flows from Financing Activities:			
Net Increase (Decrease) in short-term loans payable	38,023	(6,002)	251,808
Proceeds from long-term loans payable	15,000	0	99,338
Repayment of long-term loans payable	(37,885)	(30,330)	(250,898)
Redemption of bonds	(15,000)	0	(99,338)
Repayments of lease obligations	(24,468)	(23,580)	(162,042)
Proceeds from sale of treasury stock	0	0	2
Purchase of treasury stock	(26)	(10)	(178)
Cash dividends paid	(17,140)	(15,711)	(113,510)
Cash dividends paid to non-controlling interests	(4,370)	(3,508)	(28,944)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(2)	—
Proceeds from sale and leaseback transactions	—	1,955	—
Other, net	(2)	(4)	0
Net cash used in financing activities	(45,868)	(77,192)	(303,762)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	4,806	3,210	31,830
Net Decrease in Cash and Cash Equivalents	(18,622)	(7,317)	(123,324)
Cash and Cash Equivalents at Beginning of Year	84,165	91,350	557,388
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	132	—
Cash and Cash Equivalents at End of Year	¥ 65,543	¥ 84,165	$ 434,064

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

Notes to the Consolidated Financial Statements

Note 1. Basis of Preparing Consolidated Financial Statements

The accompanying consolidated financial statements of Fuji Electric Co., Ltd. (the “Company”) and consolidated subsidiaries (together, the “Companies”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

In preparing these statements, certain reclassifications and rearrangements have been made to the consolidated financial statements prepared domestically in Japan in order to present these statements in a form that is more familiar to readers outside Japan.

In addition, the notes to the consolidated financial statements include additional information which is not required under accounting principles generally accepted in Japan.

Certain amounts in the prior year’s financial statements have been reclassified to conform to the current year’s presentation.

Note 2. Summary of Significant Accounting Policies

a. Principles of Consolidation

The consolidated financial statements for the year ended March 31, 2024 include the accounts of the Company and its 68 significant subsidiaries and its 4 subsidiaries and affiliates are accounted for by the equity method (70 and 4 in 2023).

Under the control or influence concept, the accompanying consolidated financial statements include the accounts of the Company and, with minor exceptions, those of its subsidiaries, whether directly or indirectly controlled, and those companies over which the Companies have the ability to exercise significant influence are accounted for by the equity method. All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits included in assets resulting from transactions within the Companies are eliminated. 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.

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.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to non-controlling shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries.

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.

b. 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.

c. Inventories

Raw materials are mainly stated at cost, determined by the most recent purchase price method. 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. In accordance with accounting practices generally accepted in the heavy electric industry, inventories include items with a manufacturing period exceeding one year.

Inventories with lower profitability were written down and the losses on valuation were included in cost of sales.

d. Securities

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.

e. Derivatives and Hedging Activities

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.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows:

a) Except as described in the following paragraphs b) and c), all derivatives are recognized as either assets or liabilities and measured at fair value, and forward contracts applied for forecasted transactions are measured at fair value but the unrealized gains/losses are deferred until the underlying transactions are completed if the forward contracts qualify for hedge accounting.

b) Trade receivables and trade payables denominated in foreign currencies for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations are accounted for allocation treatment (“Furiate shori”) where these receivables and payables are translated at the contracted rate if the forward contracts qualify for hedge accounting.

f. Depreciation

1) Tangible fixed assets (excluding leased assets)

Depreciation is computed by the straight-line method. The range of useful lives is from 15 to 50 years for buildings and from 5 to 12 years for machinery and equipment.

2) Leased assets

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

g. 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.

h. 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.

i. 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.

j. Retirement Benefits

(1) 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) 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.

k. Research and Development Costs

Research and development costs are recognized as expenses when they are incurred.

l. 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.

m. Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The Company filed a consolidated tax return, which allows companies to file tax payments on the combined basis of profits or losses of the parent company and its wholly owned domestic subsidiaries. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

n. Foreign Currency Transactions

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.

o. Foreign Currency Financial Statements

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.

p. Amounts Per Share

Basic profit per share is computed based on the profit attributable to common shareholders of the parent and the weighted average number of shares of common stock outstanding during the year, and diluted profit per share is computed based on the profit attributable to owners of parent's common stock and weighted average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of warrants and stock subscription rights.

Net assets per share are computed based on the net assets excluding share subscription rights and non-controlling interests and the number of shares of common stock outstanding at the year end.

q. Other Significant Accounting Policies for Preparation of Consolidated Financial Statements

The Company and some domestic consolidated subsidiaries applied the Group Tax Sharing System from the beginning of the current fiscal year.

r. Accounting Standard for Disclosure of Accounting Estimates

1. Revenues recognized over time by measuring progress toward complete satisfaction of performance obligations

(1) Amounts recorded for the year ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Sales	¥120,042	¥107,118	$794,984
Ending balance of contract assets (construction contract receivable for the previous fiscal year)	75,387	56,693	499,256

Note: The above amounts represent unfinished, undelivered, or imcomplete contracts of job-order production goods, construct works and rending of service, which recognize revenues over time by measuring progress toward complete satisfaction of performance obligations, as of the end of the current fiscal year. (Contracts which have satisfied the all performance obligations are not included. In addition, contracts in which revenues are recognized under the cost recovery method, which recognizes revenue only to the extent of the costs incurred expected to be recovered in the case that progress cannot be reasonably estimated, are not included.)

(2) Supplemental information for understanding the consolidated financial statements

a. Calculation method

For construction contracts, 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 estimation of the total cost of the contract.

b. Key assumption

The estimates of total costs are calculated by aggregating objective prices such as third party quotations and internally approved standard unit prices. However, the estimates of total costs are the key assumption because the Companies also rely on their specialized knowledge of and experience in construction contract.

c. Effect on the subsequent fiscal year

Since construction contracts are, in general, long-term contracts, construction contracts may potentially be modified and there may be fluctuations in material, labor, and other such costs while construction contracts are still in progress. Corresponding to changes in the estimates of total costs, progress rates change and the amount of revenue to be recognized in the subsequent fiscal year may be affected.

2. Calculation of defined benefit obligation

(1) Amounts recorded for the year ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Net defined benefit asset	¥25,401	¥19,918	$168,223
Net defined benefit liability	63,803	60,345	422,540
Remeasurements of defined benefit plans	782	(2,013)	5,181

(2) Supplemental information for understanding the consolidated financial statements

a. Calculation method

The Companies primarily apply defined benefit plans. Defined benefit obligation for defined benefit plans is estimated by payment calculation standard, based on discount rates and actuarial assumptions, such as mortality rates, retirement rates, salary inflation etc.

b. Key assumption

Discount rates are calculated by the yield curve equivalent approach primarily based on high quality corporate bonds.

c. Effect on the subsequent fiscal year

In the case that it is necessary to review discount rates, which are used to calculate defined benefit obligation, net defined benefit asset, net defined benefit liability, and remeasurements of defined benefit plans for the subsequent fiscal year may be affected.

s. Change in accounting policy that are difficult to distinguish from changes in Accounting estimates

Change in the depreciation method for property, plant and equipment

The Company and its domestic consolidated subsidiaries changed the depreciation method for property, plant and equipment from previously adopted declining-balance method to the straight-line method from the fiscal year ended March 31,2024.

The Companies have focused on our resources to the power electronics systems and semiconductors in order to strengthen these business which lead our growth from the fiscal year ended March 31 2020, under the Medium-Term Management Plan "Reiwa Prosperity 2023" which ended the fiscal year ended March 31, 2024.

In addition, the Companies promote the standardization of platform and the reinforcement and optimization for production system such as in-house manufactuaring in domestic factories.

Under such circumstances, the Companies reconsidered the actual usage of domestic property, plant and equipment on the occation of the large-scare investment in order to correspond to growing demand of the power semiconductors for electric vehicles (xEV). As a result of the reconsideration, the production volume is expected to stabilize on the back of solid demand and domestic property, plant and equipment are expected to operate more stably from the current consolidated fiscal year onwards.

For these reasons, the Companies have determined that the straight-line method, which allocates costs evenly over their useful lives, can more appropriately reflect the actual usage of property, plant and equipment.

As a result of this change, compared to the amounts that would have resulted if the previous depreciation method had been used, operating profit, ordinary profit and profit before income taxes for the fiscal year ended March 31, 2024 increased by ¥4,874($32,278thousand) million, respectively.

t. Unapplied accounting standards

- **"Accounting Standard for Income Taxes - Current" (ASBJ Statement No. 27, October 28, 2022, Accounting Standards Board of Japan)**
- **"Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022)**
- **"Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, ASBJ)**

(1) Overview

Transferring the practical guidelines on tax effect accounting at the JICPA to the ASBJ has been completed, after the release of ASBJ Statement No. 28 "Partial Amendments to Accounting Standard for Tax Effect Accounting" etc. in February 2018. In the course of deliberations, two issues would be considered again after the release of ASBJ Statement No.28. The result of consideration as follows.

- Classification of tax expenses (taxation on other comprehensive income)
- Tax effect on the sale of shares of subsidiaries or affiliates when the group corporation taxation is applied.

(2) Schedule date of adoption

The accounting standard will be applied from the beginning of the fiscal year ending March 31, 2025.

(3) Impact of adoption of accounting standard and implementation guidance

The effect of the application of the "Accounting Standard for Income Taxes-Current" and other related accounting standards on the consolidated financial statements is currently under evaluation.

Note 3. U.S. Dollar Amounts

The U.S. dollar amounts included in the accompanying consolidated financial statements and notes thereto represent the arithmetic results of translating yen into U.S. dollars at ¥151=U.S.$1, the approximate exchange rate as of March 31, 2024. The U.S. dollar amounts are presented solely for the convenience of the readers outside Japan.

Note 4. Inventories

Inventories as of March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Merchandise and finished goods	¥ 77,539	¥ 64,500	$ 513,507
Work in process	51,772	54,642	342,866
Raw materials	96,824	79,549	641,214
Inventories	¥226,135	¥198,691	$1,497,587

Losses on valuation of inventories with lower profitability were ¥1,878 million ($12,437 thousand) and ¥2,109 million for the years ended March 31, 2024 and 2023, respectively. These were included in cost of sales.

Note 5. Pledged Assets and Financial Assets Accepted as Collateral

The amounts of assets pledged as collateral for trade payables and short-term debt as of March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Investment securities	¥ 21	¥ 17	$ 143
Property, plant and equipment	396	424	2,623
Total	¥ 417	¥ 441	$2,767

Collateralized liabilities as of March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Trade payables	¥ 3	¥ 78	$ 23
Short-term debt	306	291	2,029
Total	¥ 309	¥ 369	$2,052

Note 6. Financial Instruments

1. Status of financial instruments

(1) Policy regarding financial instruments

The Companies limit the scope of their cash and fund management activities to short-term deposits. When raising funds, the Companies have a policy of relying principally on bank borrowings, bonds payable and commercial paper. The Companies mainly raise the operating funds through short-term loans payable and commercial paper, and the funds relating to capital investments through long-term loans payable and bonds payable. The Companies make use of derivatives to reduce risk, as explained below, and have a policy of not engaging in derivative transactions for speculative purposes.

(2) Details of financial instruments and associated risk

In the course of its business activities, trade receivables are exposed to customer credit risk.

In addition, trade receivables denominated in foreign currencies arising from international business are exposed to exchange risk. The Companies hedge the exchange risk, by using foreign exchange forward contracts within the range prescribed relating to the net amount of the trade receivables denominated in foreign currencies, offset by the amount of the trade payables denominated in the same currencies.

Short-term investments and investment securities are comprised primarily of stocks of companies with which the Companies have business relation and are exposed to market price risk.

Trade payables are mostly payable within one year. Some trade payables are denominated in foreign currencies and exposed to exchange risk. The Companies hedge the exchange risk of the trade payables denominated in foreign currencies in principle, except for the amount within that of trade receivables denominated in the same currencies, by using foreign exchange forward contracts.

Short-term loans payable and commercial paper are primarily raised for the purpose of maintaining operating funds. Bonds payable, long-term loans payable and lease obligations on finance lease transactions are primarily raised for the purpose of preparing capital investment. The maturities of these bonds payable, long-term loans payable and lease obligations on finance lease transactions are up to 14 years at the longest after the balance sheet date. Some are exposed to interest rate fluctuation and exchange risk.

Regarding derivatives, the Companies employ foreign exchange forward contracts to reduce the risk of foreign currency exchange movements that arise from the previously mentioned receivables and payables denominated in foreign currencies. In addition, the Companies use commodity swap transactions to reduce the risk of fluctuation of commodity prices for raw materials. As hedging instruments under hedge accounting, the Companies enter into these derivative transactions in accordance with Companies' policies to reduce the corresponding risk to each hedged item. 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.

(3) Systems for management of financial instruments risk

a) Credit risk management (the risk that transaction partners may default on their obligations to the Companies)

The credit risk in relation to trade receivables from customers, pursuant to criteria for managing credit exposure, is managed by controlling due dates and balances of each customer. In addition, the Companies manage to identify doubtful receivables earlier and mitigate their risk caused by aggravation of the financing position, etc.

Because the counterparties to derivative transactions are limited to authentic financial institutions, the Companies do not anticipate any losses arising from credit risk.

b) Market risk management (the risks arising from fluctuations in exchange rates, interest rates and other indicators)

The Companies, in principle, employ foreign exchange forward contracts to reduce the risk of foreign currency exchange movements that arise from the previously mentioned receivables and payables denominated in foreign currencies. In addition, the Companies use commodity swap transactions to reduce the risk of fluctuation of commodity prices for raw materials.

Regarding investment securities, the Companies periodically review the market value of such financial instruments and the financial position of the issuer (the company having business transactions with the Companies). In addition, other than debt securities to be held until maturity, the Companies review the status of these investments on a continuing basis.

Derivative transactions have been entered into in accordance with the Companies' policies. The execution of derivatives, which is based on the application of each section, is mainly controlled by the Finance Department of each company, or by the Material Section regarding commodity swap transactions. In addition, the Finance Department periodically reports to the management and each section, and strictly performs risk management relating to derivative transactions.

c) Liquidity risk management (the risk that the Companies may not be able to meet its payment obligations on the scheduled date)

The Companies reduce the liquidity risk by having each company review and revise cash management plans monthly or timely.

(4) Supplementary explanation of the estimated fair value of financial instruments and related matters

Since variable factors are taken into account in computing the fair value of financial instruments, the price is may fluctuate depending on different assumptions adopted. In addition, the contract (notional) amount of derivatives in "Note 8. Derivatives" is not an indicator of the actual market risk involved in derivative transactions.

2. Estimated fair value and other matters related to financial instruments

Carrying amounts on the consolidated balance sheets as of March 31, 2024 and 2023, estimated fair value and the variance between them are shown in the following table.

	Millions of yen		
	2024		
	Carrying amounts	Fair value	Variance
Accounts receivable-trade	¥257,372		
Allowance for doubtful accounts	(4,999)		
	252,373	252,295	(78)
Investment securities	102,596	114,297	11,701
Bonds	(20,000)	(19,782)	(218)
Long-term debt	(15,100)	(15,061)	(39)
Lease obligations	(48,995)	(49,062)	67
Derivatives			
Derivative transactions to which hedge accounting is not applied	185	185	—
Derivative transactions to which hedge accounting is applied	(51)	(51)	—

Note: The following securities with no quoted market price are not included in the "Investment securities."

	Millions of yen
	2024
	Carrying amounts
Unlisted stocks (including stocks of unconsolidated subsidiaries and affiliates)	¥15,831

	Millions of yen		
	2023		
	Carrying amounts	Fair value	Variance
Accounts receivable-trade	¥236,462	¥236,308	¥ (154)
Investment securities	93,158	100,430	7,272
Bonds	(35,000)	(34,832)	(168)
Long-term debt	(28,600)	(28,566)	(34)
Lease obligations	(70,157)	(70,517)	360
Derivatives			
Derivative transactions to which hedge accounting is not applied	(239)	(239)	—
Derivative transactions to which hedge accounting is applied	348	348	—

Note: The following securities with no quoted market price are not included in the "Investment securities."

	Millions of yen
	2023
	Carrying amounts
Unlisted stocks (including stocks of unconsolidated subsidiaries and affiliates)	¥15,301

	Thousands of U.S. dollars (Note 3)		
	2024		
	Carrying amounts	Fair value	Variance
Accounts receivable-trade	$1,704,450		
Allowance for doubtful accounts	(33,104)		
	1,671,346	1,670,831	(515)
Investment securities	679,446	756,935	77,489
Bonds	(132,450)	(131,006)	(1,444)
Long-term debt	(100,000)	(99,742)	(258)
Lease obligations	(324,472)	(324,917)	445
Derivatives			
Derivative transactions to which hedge accounting is not applied	1,229	1,229	—
Derivative transactions to which hedge accounting is applied	(337)	(337)	—

Note: The following securities with no quoted market price are not included in the "Investment securities."

	Thousands of U.S. dollars (Note 3)
	2024
	Carrying amounts
Unlisted stocks (including stocks of unconsolidated subsidiaries and affiliates)	$104,842

(*1) Figures shown in parentheses are liability items.
(*2) The value of assets and liabilities arising from derivatives is shown at net value, and a net liability position is shown in parentheses.
(*3) Since Cash and cash equivalents, Notes receivable-trade, Trade payables, Short-term debt and Commercial paper are settled in a short period of time, estimated fair values are virtually the same as the carrying amounts.

Note 1: Redemption schedule for monetary assets and securities with maturity dates as of March 31, 2024 and 2023:

	Millions of yen			
	2024			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	¥ 65,543	¥ —	¥ —	¥ —
Notes receivable-trade	77,134	—	—	—
Accounts receivable-trade	249,157	2,686	529	—
Total	¥391,834	¥ 2,686	¥ 529	¥ —

	Millions of yen			
	2023			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	¥ 84,165	¥ —	¥ —	¥ —
Notes receivable-trade	76,013	—	—	—
Accounts receivable-trade	231,349	2,622	2,491	—
Total	¥391,527	¥ 2,622	¥ 2,491	¥ —

	Thousands of U.S. dollars (Note 3)			
	2024			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	$ 434,064	$ —	$ —	$ —
Notes receivable-trade	510,821	—	—	—
Accounts receivable-trade	1,650,048	17,790	3,508	—
Total	$ 2,594,933	$ 17,790	$ 3,508	$ —

Note 2: Repayment schedule for long-term debt and lease obligations:
Please refer to "Note 9. Short-term Debt and Long-term Debt" and "Note 10. Lease Obligations."

3. Fair value of financial instruments by levels

Financial instruments measured at fair value are classified into the following three levels based on the observability and significance of inputs used to measure such financial instruments.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair value, other than Level 1, that is determined by directly or indirectly using the observable price

Level 3: Fair value determined by using valuation techniques that incorporate unobservable inputs

When several inputs are used for a fair value measurement, the level is determined based on the input that is significant with the lowest level in the fair value measurement.

(1) Financial instruments measured at fair value on the consolidated balance sheets

	Millions of yen			
	2024			
	Fair value			
Class of financial instrument	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Equity securities	¥92,526	¥ —	¥ —	¥92,526
Total financial assets at fair value	¥92,526	¥ —	¥ —	¥92,526
Derivatives				
Currency derivatives	¥ —	¥ 134	¥ —	¥ 134
Total derivatives at fair value	¥ —	¥ 134	¥ —	¥ 134

	Millions of yen			
	2023			
	Fair value			
Class of financial instrument	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Equity securities	¥83,754	¥ —	¥ —	¥83,754
Total financial assets at fair value	¥83,754	¥ —	¥ —	¥83,754
Derivatives				
Currency derivatives	¥ —	¥ 108	¥ —	¥ 108
Total derivatives at fair value	¥ —	¥ 108	¥ —	¥ 108

Class of financial instrument	Thousands of U.S. dollars (Note 3)			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Equity securities	$612,760	$ —	$ —	$612,760
Total financial assets at fair value	$612,760	$ —	$ —	$612,760
Derivatives				
Currency derivatives	$ —	$ 891	$ —	$ 891
Total derivatives at fair value	$ —	$ 891	$ —	$ 891

Note: The value of assets and liabilities arising from derivatives is shown at net value, and a net liability position is shown in parentheses.

(2) Financial instruments other than those measured at fair value on the consolidated balance sheets

Class of financial instrument	Millions of yen			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivable-trade	¥ —	¥252,295	¥ —	¥252,295
Investment securities				
Unconsolidated subsidiaries and affiliates				
Shares of Affiliates	21,771	—	—	21,771
Total financial assets at fair value	¥21,771	¥252,295	¥ —	¥274,066
Bonds	¥ —	¥ 19,782	¥ —	¥ 19,782
Long-term debt	—	15,061	—	15,061
Lease obligations	—	49,062	—	49,062
Total financial liabilities at fair value	¥ —	¥ 83,905	¥ —	¥ 83,905

Class of financial instrument	Millions of yen			
	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivable-trade	¥ —	¥236,308	¥ —	¥236,308
Investment securities				
Unconsolidated subsidiaries and affiliates				
Shares of Affiliates	16,675	—	—	16,675
Total financial assets at fair value	¥16,675	¥236,308	¥ —	¥252,984
Bonds	¥ —	¥ 34,832	¥ —	¥ 34,832
Long-term debt	—	28,566	—	28,566
Lease obligations	—	70,519	—	70,519
Total financial liabilities at fair value	¥ —	¥133,917	¥ —	¥133,917

Class of financial instrument	Thousands of U.S. dollars (Note 3)			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivable-trade	$ —	$1,670,831	$ —	$1,670,831
Investment securities				
Unconsolidated subsidiaries and affiliates				
Shares of Affiliates	144,176	—	—	144,176
Total financial assets at fair value	$144,176	$1,670,831	$ —	$1,815,007
Bonds	$ —	$ 131,006	$ —	$ 131,006
Long-term debt	—	99,742	—	99,742
Lease obligations	—	324,918	—	324,918
Total financial liabilities at fair value	$ —	$ 555,666	$ —	$ 555,666

Notes: Measurement method and description of inputs for fair value for financial instruments

(1) Investment securities
The fair value of listed stocks is based on the quoted price. Since listed stocks are traded in active markets, the fair value is classified as Level 1.

(2) Derivatives
The fair values of foreign currency forward contracts and commodity swap contracts are based on the the prices provided by financial institutions and the fair value is classified as Level 2. In addition, since foreign currency forward contracts under the allocation method are treated together with accounts receivable-trade, contract assets and accounts payable-trade the fair value of such contracts is included in the fair value of the accounts.

(3) Accounts receivable-trade
The fair values of accounts receivable-trade, classified by each maturity, is based on the present value discounted by the interest rate that takes into account the maturity and the credit risk. The fair value is classified as Level 2.

(4) Bonds
The fair value of listed stocks is based on the quoted price provided by the Japan Securities Dealers Association. Since the quoted price is not in active markets, the fair value is classified as Level 2.

(5) Long-term debt (except bonds) and (6) Lease obligations
Fair values of long-term debt and lease obligations are based on the present value of the total principal and interest discounted by the interest rate that takes into account the maturity and the credit risk. The fair value is classified as Level 2.

Note 7. Securities

1. Other securities as of March 31, 2024 and 2023 were as follows:

	Millions of yen			
	2024			
	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	¥13,979	¥92,526	¥78,547	¥ (0)
Debt securities	—	—	—	—
Others	—	—	—	—
Total	¥13,979	¥92,526	¥78,547	¥ (0)

Note: Securities with no quoted market price is not included in the preceding tables:
Unlisted stocks (Values in the consolidated balance sheets as of March 31, 2024 was ¥4,213 million.)

	Millions of yen			
	2023			
	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	¥18,002	¥83,754	¥65,761	¥ (9)
Debt securities	—	—	—	—
Others	—	—	—	—
Total	¥18,002	¥83,754	¥65,761	¥ (9)

Note: Securities with no quoted market price is not included in the preceding tables:
Unlisted stocks (Values in the consolidated balance sheets as of March 31, 2023 was ¥4,035 million.)

	Thousands of U.S. dollars (Note 3)			
	2024			
	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	$92,580	$612,760	$520,183	$ (3)
Debt securities	—	—	—	—
Others	—	—	—	—
Total	$92,580	$612,760	$520,183	$ (3)

Note: Securities with no quoted market price is not included in the preceding tables:
Unlisted stocks (Values in the consolidated balance sheets as of March 31, 2024 was $27,902 thousand.)

2. Sales of other securities for the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Proceeds from sales	¥11,334	¥15,053	$75,063
Gain on sales	7,318	9,064	48,464
Loss on sales	(14)	(298)	(95)

3. Impairment of other securities for the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Impairment losses	¥ 171	¥1,236	$1,132

Note 8. Derivatives

1. Derivative transactions to which hedge accounting is not applied

	Millions of yen			
	2024			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. dollar	¥12,136	¥ —	¥(105)	¥(105)
Euro	2,467	—	(87)	(87)
Won	206	—	(1)	(1)
Baht	286	—	(13)	(13)
Payables:				
U.S. dollar	112	—	3	3
Yuan Renminbi	10,954	—	411	411
Yen	2,839	—	(23)	(23)
Total	¥29,000	¥ —	¥ 185	¥ 185

	Millions of yen			
	2023			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. dollar	¥ 688	¥ —	¥ (8)	¥ (8)
Euro	2,329	—	(39)	(39)
Won	155	—	1	1
Baht	1,488	—	(16)	(16)
Payables:				
U.S. dollar	341	—	(0)	(0)
Yuan Renminbi	4,988	—	(177)	(177)
Yen	49	—	(0)	(0)
Total	¥10,038	¥ —	¥(239)	¥(239)

	Thousands of U.S. dollars (Note 3)			
	2024			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. dollar	$ 80,371	$ —	$ (699)	$ (699)
Euro	16,342	—	(582)	(582)
Won	1,364	—	(11)	(11)
Baht	1,898	—	(90)	(90)
Payables:				
U.S. dollar	745	—	22	22
Yuan Renminbi	72,531	—	2,745	2,745
Yen	18,805	—	(156)	(156)
Total	$192,056	$ —	$1,229	$1,229

2. Derivative transactions to which hedge accounting is applied

Currency-related contracts

Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen 2024 Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable-trade			
	U.S. Dollar		¥ 5,096	¥2,483	¥(298)
	Euro		2,410	—	0
	Yuan Renminbi		30	—	(0)
	Baht		347	215	(19)
	Payables:	Accounts payable-trade			
	U.S. Dollar		740	—	13
	Euro		818	—	249
	Yuan Renminbi		22	—	(0)
	Singapore Dollar		588	—	4
Allocation method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable-trade			
	U.S. Dollar		¥ 1,236	¥ —	
	Baht		855	—	
	Yuan Renminbi		184	—	
	Payables:	Accounts payable-trade			
	U.S. Dollar		112	—	
	Total		¥12,438	¥2,698	¥ (51)

Hedge accounting method	Type of derivative	Principal items hedged	Millions of yen 2023 Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable-trade			
	U.S. Dollar		¥ 3,522	¥ 257	¥ (52)
	Euro		3,889	—	(46)
	Payables:	Accounts payable-trade			
	U.S. Dollar		550	—	0
	Euro		2,726	987	451
	Baht		612	—	(10)
	Singapore Dollar		176	—	5
	Yuan Renminbi		7	—	0
Allocation method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable-trade			
	U.S. Dollar		¥ 680	¥ —	
	Baht		797	—	
	Yuan Renminbi		180	—	
	Payables:	Accounts payable-trade			
	U.S. Dollar		227	—	
	Yen		4,142	—	
	Total		¥17,508	¥1,244	¥ 348

Hedge accounting method	Type of derivative	Principal items hedged	Thousands of U.S. dollars (Note 3) 2024 Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable-trade			
	U.S. Dollar		$33,719	$16,442	$ (1,968)
	Euro		15,964	—	2
	Yuan Renminbi		201	—	(6)
	Baht		2,301	1,427	(130)
	Payables:	Accounts payable-trade			
	U.S. Dollar		4,905	—	86
	Euro		5,422	—	1,652
	Yuan Renminbi		148	—	(0)
	Singapore Dollar		3,894	—	27
Allocation method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable-trade			
	U.S. Dollar		$ 8,186	$ —	
	Baht		5,664	—	
	Yuan Renminbi		1,223	—	
	Payables:	Accounts payable-trade			
	U.S. Dollar		747	—	
	Total		$82,374	$17,869	$ (337)

Note 9. Short-term Debt and Long-term Debt

Short-term debt as of March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Loans, principally from banks	¥11,759	¥9,099	$ 77,878
Commercial paper	36,000	—	238,411
Short-term debt	¥47,759	¥9,099	$316,289

Note: The weighted average interest rates on short-term debt as of March 31, 2024 and 2023 were 1.03% and 4.09%, respectively.

Long-term debt as of March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Loans, principally from banks and insurance companies	¥43,600	¥ 66,376	$288,743
Bonds issued by the Company:			
0.28% Yen unsecured straight bonds due August 31, 2023	—	15,000	—
0.40% Yen unsecured straight bonds due May 21, 2027	10,000	10,000	66,225
0.40% Yen unsecured straight bonds due May 25, 2028	10,000	10,000	66,225
	63,600	101,376	421,193
Less: Portion due within one year	28,500	37,776	188,742
Long-term debt	¥35,100	¥ 63,600	$232,451

Note: The weighted average interest rates on loans, principally from banks and insurance companies, as of March 31, 2024 and 2023 were 0.29% and 0.26%, respectively.

As of March 31, 2024, the aggregate annual maturities of long-term debt were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 3)
2026	¥ 100	$ 663
2027	15,000	99,338
2028	10,000	66,225
2029	10,000	66,225
2030 thereafter	—	—
Total	¥35,100	$232,451

Note 10. Lease Obligations

Lease obligations as of March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Short-term	¥20,283	¥23,261	$134,330
Long-term	28,711	46,895	190,142
Total	¥48,994	¥70,156	$324,472

Note: The weighted average interest rates on lease obligations as of March 31, 2024 and 2023 were 2.20% and 2.23%, respectively.

As of March 31, 2024, the aggregate annual maturities of lease obligations were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 3)
2026	¥10,392	$ 68,826
2027	8,258	54,690
2028	5,337	35,347
2029	3,182	21,073
2030 thereafter	1,542	10,206
Total	¥28,711	$190,142

Note 11. Retirement Benefits

1. Outline of retirement benefits for employees

The Company and most of its consolidated subsidiaries have either funded or unfunded defined benefit plans and defined contribution pension plans.

Defined benefit corporate pension plans are all funded and cover substantially all employees who are entitled to lump-sum or annuity payments determined by reference to their basic rates of pay and length of service. In addition, retirement benefit trust has been established in certain pension plans.

Lump-sum payment plans are either unfunded or funded as a result of establishing retirement benefit trust. They cover substantially all employees who are entitled to lump-sum payments determined by reference to either points obtained with interest credits or their basic rates of pay and length of service.

Certain domestic consolidated subsidiaries adopted a simplified method in the calculation of net defined benefit liability and retirement benefit expense. Certain domestic consolidated subsidiaries have multi-employer corporate pension plans accounted for by the same methods used for defined contribution pension plans because they cannot reasonably calculate their portion of pension assets corresponding to their contributions.

2. Information on defined benefit pension plans

(1) The changes in the retirement benefit obligation except for plans accounted for by a simplified method during the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Retirement benefit obligation at the beginning of the year	¥163,161	¥169,152	$1,080,539
Service cost	2,983	3,015	19,757
Interest cost	2,225	2,263	14,741
Actuarial loss	862	277	5,714
Retirement benefits paid	(10,540)	(11,547)	(69,802)
Prior service cost	119	(37)	794
Others	90	38	577
Retirement benefit obligation at the end of the year	¥158,900	¥163,161	$1,052,320

(2) The changes in plan assets at fair value except for plans accounted for by a simplified method during the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Plan assets at fair value at the beginning of the year	¥125,289	¥136,420	$829,732
Expected return on plan assets	1,448	1,561	9,595
Actuarial gain	5,359	(2,880)	35,491
Contributions by the Companies	679	734	4,497
Retirement benefits paid	(9,720)	(10,554)	(64,376)
Others	21	8	135
Plan assets at fair value at the end of the year	¥123,076	¥125,289	$815,074

(3) The changes in defined benefit liability and asset calculated by a simplified method during the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Retirement benefit obligation at the beginning of the year	¥2,564	¥2,447	$16,985
Defined benefit asset at the beginning of the year	(9)	(104)	(62)
Retirement benefit expenses	223	333	1,481
Retirement benefits paid	(214)	(126)	(1,421)
Contributions	(17)	(18)	(118)
Others	31	23	207
Defined benefit liability at the end of the year	¥2,695	¥2,564	$17,848
Defined benefit asset at the end of the year	¥ (117)	¥ (9)	$ (776)

(4) The reconciliation of retirement benefit obligation and plan assets at fair value with net defined benefit liability and net defined benefit asset recognized in consolidated balance sheet were outlined as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Funded retirement benefit obligation	¥152,709	¥158,124	$1,011,318
Plan assets at fair value	(124,844)	(127,105)	(826,778)
	27,865	31,019	184,540
Unfunded retirement benefit obligation	10,537	9,408	69,777
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ 38,402	¥ 40,427	$ 254,317
Net defined benefit liability	63,803	60,345	$ 422,540
Net defined benefit asset	(25,401)	(19,918)	$ (168,223)
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ 38,402	¥ 40,427	$ 254,317

Note: Pension plans accounted for by a simplified method are included.

(5) The components of retirement benefit expenses for the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Service cost	¥2,983	¥3,015	$19,757
Interest cost	2,225	2,263	14,741
Expected return on plan assets	(1,448)	(1,561)	(9,595)
Amortization of actuarial loss	363	(877)	2,404
Amortization of prior service cost	(699)	(769)	(4,630)
Retirement benefit expenses calculated by simplified method	223	333	1,481
Others	116	109	763
Retirement benefit expenses	¥3,763	¥2,513	$24,921

(6) The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effect) for the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Prior service cost	¥ 819	¥ 732	$ 5,425
Actuarial gain and loss	(4,858)	4,044	(32,177)
Total	¥ (4,039)	¥ 4,776	$ (26,752)

(7) The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Unrecognized prior service cost	¥ (1,719)	¥ (2,538)	$ (11,387)
Unrecognized actuarial gain and loss	(243)	4,614	(1,611)
Total	¥ (1,962)	¥ 2,076	$ (12,998)

(8) The breakdown of plan assets by major category as of March 31, 2024 and 2023 were as follows:

	2024	2023
Debt securities	20%	33%
Deposit	19	20
Equity securities	17	18
General accounts at life insurance companies	30	29
Others	14	0
Total	100%	100%

Note: Retirement benefit trust established for the corporate pension plans is included and equivalent to 9% of total amount of plan assets as of March 31, 2024 and 9% of total amount of plan assets as of March 31, 2023.

The long-term expected rates of return on plan assets has been determined as a result of consideration of both the portfolio allocation at present and in the future, and long-term rates of return from multiple plan assets at present and in the future.

(9) The assumptions used in accounting for the defined benefit plans as of March 31, 2024 and 2023 were as follows:

	2024	2023
Discount rates	0.27% – 1.40%	0.27% – 1.40%
Long-term expected rates of return on plan assets	mainly 1.5%	mainly 1.5%
Expected rates of salary increase	0.0% – 5.1%	0.0% – 5.1%

3. Information on defined contribution pension plans

Contributions of defined contribution pension plans for the years ended March 31, 2024 and 2023 were ¥4,603 million ($30,483 thousand) and ¥4,702 million, respectively.

4. Information on multi-employer pension plans

Contributions to multi-employer welfare pension plans accounted for by the same methods used for defined contributions plans for the years ended March 31, 2024 and 2023 were ¥14 million ($94 thousand) and ¥14 million, respectively.

Note 12. Shareholders' Equity

1. Shares issued and outstanding / Treasury stock

The Companies Act of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

Movements in shares outstanding and treasury stock during the years ended March 31, 2024 and 2023 were as follows:

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

	Thousands of shares			
	March 31, 2022	Increase in the year	Decrease in the year	March 31, 2023
Shares outstanding:				
Common stock	149,296	—	—	149,296
Total	149,296	—	—	149,296
Treasury stock:				
Common stock	6,461	1	0	6,462
Total	6,461	1	0	6,462

The increases of treasury stock were due to purchase of shares of less than one voting unit and the decreases of treasury stock were due to sales of shares at the request of shareholders who own less than one voting unit for the years ended March 31, 2024 and 2023.

2. Dividends

(1) Dividends paid

For the year ended March 31, 2024

Resolution	Type of shares	Total dividends (millions of yen)	Total dividends (thousands of U.S. dollars (Note 3))	Dividends per share (yen)	Dividends per share (U.S. dollars (Note 3))	Cut-off date	Effective date
Meeting of the Board of Directors on May 25, 2023	Common stock	¥8,570	$56,755	¥60.0	$0.39	March 31, 2023	June 7, 2023
Meeting of the Board of Directors on October 26, 2023	Common stock	8,570	56,755	60.0	0.39	September 30, 2023	December 5, 2023

For the year ended March 31, 2023

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 26, 2022	Common stock	¥7,855	¥55.0	March 31, 2022	June 8, 2022
Meeting of the Board of Directors on October 27, 2022	Common stock	7,855	55.0	September 30, 2022	December 5, 2022

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

Resolution	Type of shares	Total dividends (millions of yen)	Total dividends (thousands of U.S. dollars (Note 3))	Source of dividends	Dividends per share (yen)	Dividends per share (U.S. dollars (Note 3))	Cut-off date	Effective date
Meeting of the Board of Directors on May 23, 2024	Common stock	¥10,712	$70,942	Retained Earnings	¥75.0	$0.49	March 31, 2024	June 5, 2024

Dividends with the cut-off date in the year ended March 31, 2022 and effective date in the year ended March 31, 2023

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, 2023	Common stock	¥8,570	Retained Earnings	¥60.0	March 31, 2023	June 7, 2023

Note 13. Research and Development Costs

Research and development costs recognized as expenses for the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Research and development costs	¥36,059	¥36,216	$238,806

Note 14. Selling, General and Administrative Expenses

Major components of selling, general and administrative expenses for the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Salaries and wages	¥89,996	¥86,542	$596,002
Retirement benefit expenses	3,809	3,552	25,227
Research and development costs	31,129	31,081	206,154

Note 15. Extraordinary Income, Net

Extraordinary income, net, for the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Extraordinary income			
Gain on sale of noncurrent assets	¥ 966	¥ 939	$ 6,400
Gain on sale of investment securities	7,588	10,214	50,247
Extraordinary loss			
Loss on disposal of noncurrent assets	(1,441)	(569)	(9,546)
Loss on devaluation of investment securities	(171)	(1,236)	(1,132)
Loss on sale of investment securities	(732)	(298)	(4,847)
Provision for loss on liquidation of subsidiaries and associates	—	(1,115)	—
Extraordinary income (loss), net	¥ 6,210	¥ 7,935	$ 41,122

Note 16. Income Taxes

1. The components of income taxes for the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Current	¥32,117	¥26,318	$212,704
Deferred	(156)	794	(1,037)
Income taxes	¥31,961	¥27,112	$211,667

The Company and its domestic consolidated subsidiaries are subject to corporate income tax, prefectural and municipal inhabitants' taxes and enterprise tax, based on income.

2. The significant components of deferred tax assets and liabilities as of March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Deferred tax assets			
Net defined benefit liability	¥18,562	¥20,189	$122,933
Inventories	9,512	8,808	62,995
Accrued employees' bonuses	8,414	7,943	55,727
Investment securities	7,036	6,989	46,599
Tangible fixed assets	2,110	1,981	13,979
Other	12,279	9,842	81,304
Gross deferred tax assets	57,913	55,752	383,537
Less: Valuation allowance	(12,186)	(10,189)	(80,703)
Total deferred tax assets	45,727	45,563	302,834
Deferred tax liabilities			
Unrealized gain on other securities	(24,469)	(20,510)	(162,046)
Investment securities	(1,004)	(1,124)	(6,649)
Other	(9,616)	(8,378)	(63,688)
Gross deferred tax liabilities	(35,089)	(30,012)	(232,383)
Net deferred tax assets (liabilities)	¥10,638	¥15,551	$ 70,451

3. The reconciliation between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2024 and 2023 were as follows:

	2024	2023
Statutory income tax rate	30.6%	30.6%
Tax credits	(3.7)	(3.7)
Tax rate difference of overseas consolidated subsidiaries	(2.6)	(3.0)
Permanent difference resulting from non-taxable income, including dividends received	(0.5)	(0.3)
Permanent difference resulting from expenses not deductible for income tax purposes	1.3	1.7
Valuation allowance	1.7	0.9
Other	1.2	2.1
Effective income tax rate	28.0%	28.3%

4. The accounting for income tax, local corporate income tax and its tax effect accounting

The Company and some domestic consolidated subsidiaries apply the Group Tax Sharing System. Also, the Company and some domestic consolidated subsidiaries account and disclose income tax, local corporate income tax and its tax effect in accordance with the "Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No.42 issued on August 12, 2021).

Note 17. Consolidated Statements of Comprehensive Income

Amounts reclassified to profit (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥20,170	¥ (1,070)	$133,576
Reclassification adjustments	(7,304)	(8,128)	(48,369)
Before tax effect	12,866	(9,198)	85,207
Tax effect	(3,995)	2,996	(26,453)
Valuation difference on available-for-sale securities	8,871	(6,202)	58,754
Deferred gains or losses on hedges:			
Amount arising during the year	(399)	(382)	(2,645)
Before tax effect	(399)	(382)	(2,645)
Tax effect	122	117	809
Deferred gains or losses on hedges	(277)	(265)	(1,836)
Foreign currency translation adjustments:			
Amount arising during the year	16,420	8,175	108,747
Reclassification adjustments	39	24	258
Before tax effect	16,459	8,199	109,005
Tax effect	(1)	(24)	(20)
Foreign currency translation adjustments	16,458	8,175	108,985
Remeasurements of defined benefit plans:			
Amount arising during the year	4,376	(3,130)	28,980
Reclassification adjustments	(337)	(1,646)	(2,228)
Before tax effect	4,039	(4,776)	26,752
Tax effect	(1,235)	1,497	(8,179)
Remeasurements of defined benefit plans	2,804	(3,279)	18,573
Share of other comprehensive income of associates accounted for using equity method:			
Amount arising during the year	377	(18)	2,499
Reclassification adjustments	55	72	366
Share of other comprehensive income of associates accounted for using equity method	432	54	2,865
Total other comprehensive income	¥28,288	¥ (1,517)	$187,341

Note 18. Contingent Liabilities

Contingent liabilities as of March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Guarantees	¥2,066	¥4,067	$13,687

Note 19. Leases

1. Finance lease transactions

(1) Leased assets

Leased assets primarily consist of machinery and equipment and software.

(2) Depreciation method for leased assets

Depreciation method for leased assets is as stated in “f. Depreciation, 2) Leased assets” in “Note 2. Summary of Significant Accounting Policies.”

2. Operating lease transactions

The minimum rental commitments under noncancellable operating leases as of March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Due within one year	¥2,342	¥2,376	$15,510
Due after one year	2,819	4,570	18,669
Total	¥5,161	¥6,946	$34,179

Note 20. Revenue Recognition

1. Disaggregation of revenue

Disaggregation of revenue by geographical region for the year ended March 31, 2024 and 2023 were as follows:

	Millions of yen							
Year ended March 31, 2024	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Subtotal	Adjustments	Total
Japan	¥222,929	¥335,555	¥106,501	¥104,260	¥56,754	¥ 825,999	¥(55,209)	¥ 770,790
Asia and other areas	89,188	39,902	32,203	624	3,379	165,296	(1,856)	163,440
China	13,572	20,538	57,686	2,403	2,910	97,109	(764)	96,345
Europe	1,249	10,355	27,593	—	1	39,198	—	39,198
America	15,822	13,561	4,054	(0)	112	33,549	(108)	33,441
Revenue from contracts with customers	¥342,760	¥419,911	¥228,037	¥107,287	¥63,156	¥1,161,151	¥(57,937)	¥1,103,214

	Millions of yen							
Year ended March 31, 2023	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Subtotal	Adjustments	Total
Japan	¥228,629	¥294,713	¥101,704	¥91,095	¥54,336	¥ 770,477	¥(53,087)	¥ 717,390
Asia and other areas	80,343	36,269	26,228	1,395	1,890	146,125	(883)	145,242
China	13,152	19,684	51,891	2,021	3,509	90,257	(905)	89,352
Europe	1,742	9,105	22,271	—	2	33,120	(1)	33,119
America	9,406	10,054	4,134	746	54	24,394	(50)	24,344
Revenue from contracts with customers	¥333,272	¥369,825	¥206,228	¥95,257	¥59,791	¥1,064,373	¥(54,926)	¥1,009,447

	Thousands of U.S. dollars (Note 3)							
Year ended March 31, 2024	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Subtotal	Adjustments	Total
Japan	$1,476,353	$2,222,220	$ 705,307	$690,465	$375,851	$5,470,196	$(365,622)	$5,104,574
Asia and other areas	590,642	264,252	213,255	4,128	22,382	1,094,659	(12,287)	1,082,372
China	89,887	136,015	382,028	15,918	19,261	643,109	(5,060)	638,049
Europe	8,273	68,578	182,741	—	1	259,593	—	259,593
America	104,781	89,808	26,851	(0)	745	222,185	(718)	221,467
Revenue from contracts with customers	$2,269,936	$2,780,873	$1,510,182	$710,511	$418,240	$7,689,742	$(383,687)	$7,306,055

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 disaggregation of revenue of the previous fiscal year has been reported on the basis of the reporting segment that reflected the change as reported Note21-1 (1).

2. Foundational information to understand revenue

The Companies account for revenue in accordance with I. Recognition for Revenue and Costs in “Note 2. Summary of Significant Accounting Policies.” The Companies’ methods for recognition of revenue for goods and services in each segment are as follows:

The Companies are engaged in a wide range of business activities, such as product development, production, sales, and services.

The Companies combine two or more contracts entered into at or near the same time with the same customer and account for the contracts as a single contract if one or more of the following criteria are met:

a) The contracts are negotiated as a package with a single commercial objective.
b) The amount of consideration to be paid in one contract depends on the price or performance of the other contract.
c) The goods or services promised in the contracts are a single performance obligation.

When a contract is modified in the scope or price (or both) of a contract that is approved by the parties to the contract, the Companies assess whether the contract modification is a separate contract or as if it were a part of the existing contract.

When a contract includes two or more goods or services, the Companies identify whether or not the performance obligation is distinct and determine accounting units.

If the Companies act as an agent to arrange for goods or services to be provided by the other party, the Companies recognize revenue in the net amount of consideration that the entity retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

The Companies assess the transaction price in an amount of consideration to which the Companies expect to be entitled in exchange for transferring the goods or services. If an amount of consideration varies, the Companies estimate the amount as a variable consideration and include it in the transaction price. The Companies include in the transaction price some or all of an amount of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Companies deduct rebates to be paid to a customer from revenue.

The Companies allocate the transaction price to each performance obligation on a relative stand-alone selling price basis. If a stand-alone selling price is not directly observable, the Companies estimate the stand-alone selling price by forecasting its expected costs of satisfying a performance obligation and then adding an appropriate margin for that good or service.

The Companies recognize revenue when (or as) the performance obligation is satisfied by transferring a promised good or service to a customer. The Companies determine at contract inception whether the Companies satisfy the performance obligation over time or satisfy the performance obligation at a point in time. The Companies satisfy a performance obligation and recognize revenue over time, if one of the following criteria are met.

a) The customer simultaneously receives and consumes the benefits provided by the Companies’ performance as the Companies perform.
b) The Companies’ performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c) The Companies’ performance does not create an asset with an alternative use to the Companies and the Companies have an enforceable right to payment for performance completed to date.

If the above criteria are not met, the Companies recognize revenue at a point in time when the goods of services are transferred to a customer and the performance obligation is satisfied.

(1) Sales of standard goods

The Companies are engaged in sales goods and construction contracts such as power distribution and control equipment in Energy segment, inverters, FA components, measuring instruments and sensors in Industry segment, power semiconductors for industrial and vehicles in Semiconductors segment and beverage vending machines, vending machines for food and other goods, store equipment and currency handling equipment in Food and Beverage Distribution segment.

For these transactions, control of goods is transferred to a customers at a point in time.

For domestic sales, the Companies recognize revenue upon shipment because the period between shipment and transfer of control of goods to customer is a normal period. (Application of shipping standards)

For domestic sales for which shipping standards are not applied, the Companies recognize revenue upon delivery of goods to a customer.

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

(2) Sales of job-order production goods and contract works

The Companies are engaged in sales for goods and construction contracts such as geothermal power generation, hydroelectric power generation, thermal power generation, fuel cells, substations, electricity storage systems, energy management systems, solar power generation, wind power generation, uninterruptible power systems(UPSs) and switchboards in the Energy segment, FA systems, drive control systems, nuclear power generation equipments, measuring and control systems, transport systems, ship and harbor systems, radiation monitoring systems, electricity construction, air conditioning equipment construction, and ICT equipment and software in Industry segment.

For these transactions, the Companies apply the method that revenue is recognized over time by measuring progress toward complete satisfaction of performance obligations because its performance obligations are satisfied over time (the cost-based input method is used in measuring the progress).

(3) Rendering of services

The companies are engaged in services such as maintenance, inspection, repair, remodeling, and operation maintenance and management, related to (1) and (2).

For these transactions, the Companies apply the method that revenue is recognized over time based on the estimate of progress toward complete satisfaction of performance obligations because its performance obligations are satisfied over time (the cost-based input method is used in measuring the progress).

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.

There is no significant financing component because the Companies expect, at contract inception, that the period between when the Companies transfer promised goods or services to a customer and when the customer pays for that goods or services will be one year or less.

3. Information to understand the amount of revenue for the current and subsequent fiscal year

(1) Contract assets and contract liabilities

Contract assets are the Companies' right to consideration in exchange for goods or services that the Companies have transferred to customers. Contract assets are transferred to accounts receivable-trade when the right to consideration become unconditional.

Contract liabilities are the Companies' obligation to transfer goods or services to customers for which the Companies have received consideration or the amount is due from the customers.

Notes for the ending balance of the notes receivable-trade, accounts receivable-trade and contract assets are omitted because these balances are separately presented in the consolidated balance sheet.

Revenues recognized in the years ended March 31, 2024 and 2023 that were included in the contract liability balance at the beginning of the fiscal years were ¥38,629 million ($255,821 thousand) and ¥29,024 million, respectively.

In addition, revenue recognized in the current fiscal year from performance obligations satisfied (or partially satisfied) in the previous periods is immaterial.

(2) Transaction price allocated to the remaining performance obligations

The aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) for the years ended March 31, 2024 and 2023 were ¥436,827 million ($2,892,897 thousand) and ¥424,692 million, respectively. Of this amount, Energy and Industry have contracts that recognize revenue over time.

The unsatisfied performance obligations by segments are expected to be satisfied approximately within the following periods.

Energy: within 7 years (within 5 years in previous fiscal year)
Industry: within 3 years (within 3 years in previous fiscal year)

Regarding to the note for the "(2) Transaction price allocated to the remaining performance obligations," the Companies applied the practical expedient and did not include contracts that have an original expected duration of one year or less. In addition, the above amounts do not include the material estimates of variable consideration.

Note 21. Segment Information

1. 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.

Also, business segments have been changed from 5 segments: "Power Electronics Energy," "Power Electronics Industry," "Semiconductors," "Power Generation" and "Food and Beverage Distribution" to 4 segments:"Energy," "Industry," "Semiconductors" and "Food and Beverage Distribution" due to the organizational change.

The segments information of previous fiscal year has been reported on the basis of the reporting segment that reflected the change.

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, substations, electricity storage systems, energy management systems, solar power generation, wind power generation, uninterruptible power systems(UPSs), switchboards, power distribution and control equipment
Industry	Inverters, FA components, measuring instruments, sensors, FA systems, drive control systems, measuring and control systems, nuclear power-related equipment, radiation monitoring systems, transport systems, ship and harbor systems, electricity construction, air conditioning equipment construction, 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, profit or loss, assets, liabilities and other items on each reporting segment

The accounting policies applied by each reporting segment are consistent with those described in "Note 2. 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, profit or loss, assets, liabilities and other items by each reporting segment

Reporting segment information for the years ended March 31, 2024 and 2023 were as follows:

Year ended March 31, 2024	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
	Millions of yen							
Sales, profits or losses and assets by reporting segments								
Net sales								
Sales to third parties	¥338,932	¥400,999	¥222,659	¥105,536	¥35,088	¥1,103,214	¥ —	¥1,103,214
Inter-segment sales and transfers	3,828	18,912	5,378	1,751	28,068	57,937	(57,937)	—
Total sales	342,760	419,911	228,037	107,287	63,156	1,161,151	(57,937)	1,103,214
Segment profits (losses)	¥ 30,146	¥ 34,264	¥ 36,164	¥ 8,803	¥ 4,313	¥ 113,690	¥ (7,624)	¥ 106,066
Segment assets	¥328,024	¥379,163	¥355,403	¥ 64,494	¥36,425	¥1,163,509	¥107,665	¥1,271,174
Other items								
Depreciation and amortization	¥ 6,799	¥ 8,064	¥ 33,117	¥ 1,915	¥ 833	¥ 50,728	¥ 1,147	¥ 51,875
Investments for companies applied equity method	¥ 11,782	¥ 1,793	¥ —	¥ —	¥ 1	¥ 13,576	¥ —	¥ 13,576
Capital expenditures	¥ 12,451	¥ 8,528	¥ 48,544	¥ 2,198	¥ 934	¥ 72,655	¥ 2,643	¥ 75,298

Year ended March 31, 2023	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
	Millions of yen							
Sales, profits or losses and assets by reporting segments								
Net sales								
Sales to third parties	¥329,542	¥350,268	¥201,581	¥94,274	¥33,782	¥1,009,447	¥ —	¥1,009,447
Inter-segment sales and transfers	3,730	19,557	4,647	983	26,009	54,926	(54,926)	—
Total sales	333,272	369,825	206,228	95,257	59,791	1,064,373	(54,926)	1,009,447
Segment profits (losses)	¥ 28,561	¥ 26,755	¥ 32,186	¥ 4,350	¥ 3,752	¥ 95,604	¥ (6,722)	¥ 88,882
Segment assets	¥303,529	¥339,772	¥314,704	¥73,470	¥35,955	¥1,067,429	¥114,122	¥1,181,552
Other items								
Depreciation and amortization	¥ 6,856	¥ 7,725	¥ 27,146	¥ 2,131	¥ 895	¥ 44,753	¥ 1,185	¥ 45,938
Investments for companies applied equity method	¥ 10,821	¥ 1,812	¥ —	¥ —	¥ —	¥ 12,633	¥ —	¥ 12,633
Capital expenditures	¥ 9,214	¥ 9,706	¥ 72,657	¥ 2,191	¥ 570	¥ 94,338	¥ 2,021	¥ 96,359

Year ended March 31, 2024	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
	Thousands of U.S. dollars (Note 3)							
Sales, profits or losses and assets by reporting segments								
Net sales								
Sales to third parties	$2,244,589	$2,655,629	$1,474,563	$698,918	$232,356	$7,306,055	$ —	$7,306,055
Inter-segment sales and transfers	25,347	125,244	35,619	11,594	185,883	383,687	(383,687)	—
Total sales	2,269,936	2,780,873	1,510,182	710,512	418,239	7,689,742	(383,687)	7,306,055
Segment profits (losses)	$ 199,643	$ 226,917	$ 239,502	$ 58,303	$ 28,549	$ 752,914	$ (50,486)	$ 702,428
Segment assets	$2,172,349	$2,511,013	$2,353,666	$427,117	$241,214	$7,705,359	$ 713,012	$8,418,371
Other items								
Depreciation and amortization	$ 45,031	$ 53,409	$ 219,322	$ 12,686	$ 5,501	$ 335,949	$ 7,596	$ 343,545
Investments for companies applied equity method	$ 78,031	$ 11,877	$ —	$ —	$ —	$ 89,908	$ —	$ 89,908
Capital expenditures	$ 82,458	$ 56,479	$ 321,490	$ 14,559	$ 6,178	$ 481,164	$ 17,501	$ 498,665

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:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Corporate expense*	¥ (7,575)	¥ (6,730)	$ (50,169)
Elimination of intersegment sales	(48)	8	(317)
Total	¥ (7,623)	¥ (6,722)	$ (50,486)

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Corporate assets*	¥ 303,703	¥ 299,458	$ 2,011,284
Elimination of intersegment transactions	(196,039)	(185,337)	(1,298,272)
Total	¥ 107,664	¥ 114,121	$ 713,012

* Corporate assets mainly consisted of invested cash surpluses (cash and cash equivalents), long-term invested assets (investment securities), assets relating to administration department and assets of a financing subsidiary company.

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

2. Related Information

Related information for the years ended March 31, 2024 and 2023 were as follows:

Geographic information

(a) Sales

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Japan	¥ 770,790	¥ 717,390	$5,104,574
Asia (except for China), Others	163,440	145,242	1,082,372
China	96,345	89,352	638,049
Europe	39,198	33,119	259,593
America	33,441	24,344	221,467
Consolidated	¥1,103,214	¥1,009,447	$7,306,055

Note: Net sales information above is based on customer location.

(b) Tangible fixed assets

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Japan	¥220,869	¥217,360	$1,462,714
Asia (except for China), Others	70,475	47,985	466,706
China	18,195	16,798	120,500
Europe	778	606	5,156
America	1,139	1,163	7,547
Consolidated	¥311,456	¥283,912	$2,062,623

3. Information on impairment loss of fixed assets by each reporting segment

None

4. Information on amortization of goodwill and unamortized balance by each reporting segment

Information on amortization of goodwill and unamortized balance by each reporting segment for the year ended March 31, 2024 and 2023 were as follows:

	Millions of yen					
Year ended March 31, 2024	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Consolidated
Amortization	¥ —	¥ 919	¥ 13	¥ —	¥ —	¥ 932
Balance as of March 31	¥ —	¥4,831	¥ 19	¥ —	¥ —	¥4,850

	Millions of yen					
Year ended March 31, 2023	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Consolidated
Amortization	¥ —	¥ 823	¥ 12	¥ —	¥ —	¥ 835
Balance as of March 31	¥ —	¥5,152	¥ 28	¥ —	¥ —	¥5,180

	Thousands of U.S. dollars (Note 3)					
Year ended March 31, 2024	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Consolidated
Amortization	$ —	$ 6,084	$ 89	$ —	$ —	$ 6,173
Balance as of March 31	$ —	$31,993	$ 126	$ —	$ —	$32,119

5. Information on gain on negative goodwill by each reporting segment

None

Note 22. Information on Transactions with Related Parties

For the year ended March 31, 2024

None

Note 23. Business Combinations

For the year ended March 31, 2024

This disclosure is omitted due to the immateriality.

Note 24. Asset Retirement Obligations

Asset retirement obligations recorded on the consolidated balance sheets

1. Outline of asset retirement obligations

The Companies record asset retirement obligations related to the expenses for removing asbestos from company-owned buildings upon their dismantlement and the obligations to restore head offices, sales offices and other premises to their original condition upon termination of their lease contracts.

Regarding some of the obligations to restore head offices, sales offices and other premises to their original condition, the Companies estimate nonrecoverable amounts of deposits for those premises and record the portion attributable to the current fiscal year as expenses, instead of recording asset retirement obligations.

2. Calculation method of asset retirement obligations

In calculating the amounts of asset retirement obligations, the Companies estimate a period of use between 9 and 49 years and use a discount rate equivalent to the interest rate of government bonds corresponding to the use period (0.03% to 2.3%).

3. Changes in the total amounts of asset retirement obligations

Changes in the total amounts of asset retirement obligations for the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Balance at the beginning of the year	¥2,523	¥2,523	$16,714
Increase due to acquisition of tangible fixed assets	—	3	0
Adjustment due to passage of time	6	6	43
Decrease due to fulfillment of obligations	(5)	(9)	(42)
Balance at the end of the year	¥2,524	¥2,523	$16,715

Note 25. Amounts Per Share

Information on amounts per share for the years ended March 31, 2024 and 2023 was as follows:

	Yen		U.S. dollars (Note 3)
	2024	2023	2024
Net assets per share	¥4,218.41	¥3,620.23	$27.936
Profit per share	527.57	429.50	3.494

Note: Diluted profit per share in 2024 and 2023 is not disclosed because there is no potential common stock that has a dilutive effect.

Independent Auditor's Report

Independent Auditor's Report

The Board of Directors
Fuji Electric Co., Ltd.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Fuji Electric Co., Ltd. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2024, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

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Revenue recognized over time by measuring progress toward complete satisfaction of performance obligations	
Description of Key Audit Matter	**Auditor's Response**
As described in Note 2. r. "Accounting Standard for Disclosure of Accounting Estimates" (1. Revenues recognized over time by measuring progress toward complete satisfaction of performance obligations), mainly in the Power Electronics segments, the Fuji Electric Group("the group") applies the method of measuring the progress towards complete satisfaction of performance obligations and recognizes revenue over time (the cost-based input method is used in measuring the progress) for the sales of job-order production goods, contract works and rendering of services through construction contracts ("construction contracts"). The group recognizes revenue over time by measuring the progress toward complete satisfaction of performance obligations from unfinished, undelivered, or incomplete construction contracts, and the amount as of the end of this fiscal year was 120,042 million yen, accounting for 10% of total sales of 1,103,214 million yen recorded for this fiscal year. 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 estimation of the total cost of the contract. Each construction contract has different fundamental specifications and work details because they are determined in accordance with each customer's instructions. Accordingly, the estimation of the total cost involves certain assumptions and judgements that are based on expertise knowledge of and experience related to the project and are subject to uncertainty. Further, given that construction contracts are generally long-term in nature, it is necessary to review the total cost because contracts may	We mainly performed the following audit procedures to evaluate the validity of the estimation of the total cost in cases where the progress toward complete satisfaction of performance obligations is measured and revenue is recognized over time. (1) Evaluation of internal controls We evaluated the design and operating effectiveness of the following internal controls relating to estimates of the total cost. ・Controls to ensure reliability by requiring that a breakdown of the execution budget (a budget prepared and approved for managing project costs) on which estimates of the total cost are based is prepared by responsible personnel with expertise knowledge and approved by managers ・System to confirm that each of the elements of the total cost are accumulated and calculated in detail based on objective prices such as third party quotations and internally approved standard unit prices ・System for revising estimates of the total cost in a timely manner incorporating factors such as project progress and the amounts of costs actually incurred, or changes in specifications instructed by customers ・System for the effective and timely monitoring of the estimation of the total cost under the cost management department, which is responsible for the reliability of estimation of the total cost (2) Evaluation of the validity of estimation of the total cost We identified projects involving a quantitatively or qualitatively high degree of uncertainty over the estimation of the total cost in light of factors such as contract amount, details and progress of project, and

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need to be revised due to the fluctuations in material, labor, and other costs while construction is still in progress. However, making timely and appropriate revisions of the total cost also involve certain assumptions and judgements that are based on expertise knowledge of and experience related to the project, and are subject to uncertainty. Therefore, we consider the estimation of the total cost made in measuring the progress toward complete satisfaction of performance obligations to be of particular significance in this fiscal year and, accordingly, we have determined that this is a key audit matter.	performed the following procedures. ・We reconciled the estimation of the total cost to breakdowns of the execution budget on which calculations of such estimates are based, and evaluated whether cost details are consistent with construction contracts and calculated by accumulating each of the total cost elements, and whether breakdowns of the execution budget contain any adjustment items with abnormal amounts included in response to future uncertainty. ・Changes in the total cost from the end of the previous fiscal year were above a certain threshold, we evaluated whether the details of such changes are consistent with the current status of the project by making inquiries of project managers and reconciling changes to work schedules and quotations from suppliers. ・We made inquiries of project managers about changes in contracts, project progress, and judgements of whether revisions need to be made to the total cost, and evaluated the reasonableness of their responses with reference to work schedules and amounts of costs incurred. ・We conducted inspections of construction sites and evaluated whether the project progress is consistent with estimation of the total cost and progress toward complete satisfaction of performance obligations. ・We evaluated the process for estimating total cost by comparing estimation of the total cost as of the end of the previous fiscal year with the re-estimated amounts or outcomes of such estimations.

Other Information

The other information comprises the information included in Fuji Electric Report Financials that contains audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's reporting process of the other information.

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

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

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

We have nothing to report in this regard.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

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

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

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Fee-related Information

The fees for the audits of the financial statements of Fuji Electric Co., Ltd. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2024 are 438 million yen and 50 million yen, respectively.

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

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

Ernst & Young ShinNihon LLC
Tokyo, Japan

September 25, 2024

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