

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, 2025, 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, 2025, 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.

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 123,472 million yen, accounting for 11% of total sales of 1,123,407 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.	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

Further, given that construction contracts are generally long-term in nature, it is necessary to review the total cost because contracts may 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.

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 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.

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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review 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, 2025 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, 2025 are 447 million yen and 44 million yen, respectively.

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, 2025

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Designated Engagement Partner
Certified Public Accountant

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