

Fuji Electric Report Financials  
**2025**

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# Consolidated Financial Highlights

Years ended March 31	Millions of yen					Thousands of U.S. dollars*1
	2021	2022*7	2023	2024	2025*8	2025
<b>Operating Results</b>						
Net sales	¥ 875,927	¥ 910,226	¥ 1,009,447	¥ 1,103,214	¥ 1,123,407	\$ 7,539,645
Japan	654,020	655,821	717,390	770,790	797,923	5,355,193
Overseas	221,907	254,405	292,057	332,424	325,484	2,184,452
Operating profit	48,595	74,835	88,882	106,066	117,646	789,577
Profit Attributable to Owners of Parent	41,926	58,660	61,348	75,353	92,239	619,056
<b>R&amp;D and Capital Investment</b>						
R&D expenditures	¥ 33,562	¥ 33,756	¥ 36,216	¥ 36,059	¥ 37,822	\$ 253,840
Plant and equipment investment*2	35,890	59,320	84,147	68,311	85,185	571,712
Depreciation and amortization*3	36,194	39,969	45,938	51,875	57,341	384,842
<b>Cash Flows</b>						
Cash flows from operating activities	¥ 26,931	¥ 76,809	¥ 116,163	¥ 84,858	¥ 144,920	\$ 972,622
Cash flows from investing activities	23,477	(22,350)	(49,498)	(62,418)	(63,384)	(425,397)
Free cash flow	50,408	54,458	66,665	22,439	81,536	547,224
Cash flows from financing activities	(39,518)	(42,894)	(77,192)	(45,868)	(86,246)	(578,836)
<b>Financial Position</b>						
Total assets	¥1,051,952	¥ 1,117,112	¥ 1,181,552	¥ 1,271,174	¥ 1,312,175	\$ 8,806,550
Total net assets	461,254	523,729	572,068	661,472	730,658	4,903,750
Equity	416,997	472,900	517,092	602,516	691,767	4,642,733
Net interest-bearing debt	140,872	117,041	99,107	97,362	42,201	283,229
Interest-bearing debt	216,205	208,391	183,273	162,906	104,876	703,870
<b>Financial Indicators</b>						
Ratio of operating profit to net sales (%)	5.5	8.2	8.8	9.6	10.5	—
Ratio of overseas sales to net sales (%)	25.3	27.9	28.9	30.1	29.0	—
ROE (Return on equity) (%)	10.7	13.2	12.4	13.5	14.3	—
ROA (Return on assets) (%)	4.1	5.4	5.3	6.1	7.1	—
Equity ratio (%)	39.6	42.3	43.8	47.4	52.7	—
Net debt-equity ratio (times)*4	0.3	0.2	0.2	0.2	0.1	—
Debt-equity ratio (times)*5	0.5	0.4	0.4	0.3	0.2	—
<b>Per Share Data</b>						
	Yen				U.S. dollars*1	
Profit	¥ 293.52	¥ 410.68	¥ 429.50	¥ 527.57	¥ 642.69	\$ 4.313
Net assets	2,919.34	3,310.80	3,620.23	4,218.41	4,695.56	31.513
Cash dividends	85.00	100.00	115.00	135.00	160.00	1.073
Dividend payout ratio (%)	29.00	24.30	26.80	25.60	24.90	—
<b>Others</b>						
Employees	27,593	26,757	27,123	27,325	27,391	—
Japan	17,647	17,493	17,392	17,340	17,368	—
Overseas	9,946	9,264	9,731	9,985	10,023	—
Total shareholder return (%)	191.7	259.1	224.6	436.3	281.4	—
(Comparative indicator: TOPIX including dividends)	(142.1)	(145.0)	(153.4)	(216.8)	(213.4)	—
Highest stock price (Yen)*6	4,860	6,500	6,390	10,410	10,640	—
Lowest stock price (Yen)*6	2,197	4,370	4,870	4,965	6,079	—

\*1 The U.S. dollar amounts represent the arithmetic results of translating yen into dollars at ¥149 = U.S. \$1, the approximate exchange rate at March 31, 2025.

\*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 The highest and lowest stock prices from April 4, 2022 were those recorded on the Prime Market of the Tokyo Stock Exchange, and those before the date were recorded on the first section of the Tokyo Stock Exchange.

\*7 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.

\*8 The Company applies "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022), etc. from the beginning of the current fiscal year. As such, financial indicators in consolidated accounting period as of March 31, 2024 have been adjusted to retroactively apply said accounting standards. In addition, "Revised Accounting Standard of 2022" is applied the transitional treatment prescribed in the proviso of paragraph 20-3 of Accounting Standard for Current Income Taxes and the proviso of paragraph 65-2 (2) of "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No.28, October 28, 2022). As a result, the figures in consolidated accounting period as of March 31, 2025 in the "Consolidated Financial Highlights" reflect the application of the accounting standards.

# Management's Discussion and Analysis

## Overview

Starting this fiscal year, we have launched a three-year Medium-Term Management Plan called "To be enthusiastic, ambitious and sensitive 2026," which ends at the close of fiscal 2026. Under the basic policy of "Improvement of corporate value through management emphasizing profit," the plan aims to expand sales and profits and continuously improve corporate value by further strengthening our adaptability to changes in the external environment, while continuing to advance the goals of enhancing earnings power, promoting growth strategies, and strengthening management foundations.

In the fiscal year under review, the market environment surrounding the Company was characterized by strong capital investment in manufacturing and data centers, fueled by broader capital investments in decarbonization, the transition to a circular economy, and digitalization. Conversely, with China's economic recovery at a standstill, demand in fields like machine tools remained weak. In addition, the electrified vehicle (xEV) market has been strong in some regions and weak in others, with growth slower than expected. Furthermore, the outlook for the global economy has become increasingly uncertain due to U.S. trade policies, necessitating closer attention to market trends.

## Financial Performance

### Net Sales

Net sales in fiscal 2024 increased by 1.8%, to ¥1,123,407 million.

In the Energy, Semiconductors, and Food and Beverage Distribution segments, net sales increased. However, in the Industry segments, net sales decreased. Domestic sales increased by 3.5%, to ¥797,923 million. Overseas sales decreased by 2.1%, to ¥325,484 million.

The ratio of overseas sales decreased by 1.2 percentage points, to 29.0%.

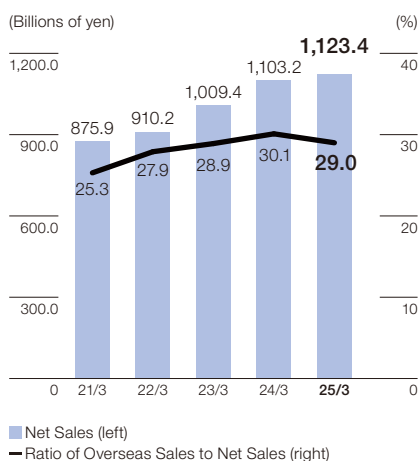
### Cost of Sales, Selling, General and Administrative Expenses and Operating Profit

Cost of sales increased by 0.7 percentage points, to ¥805,506 million. The ratio of cost of sales to net sales decreased by 0.8 percentage points, to 71.7%.

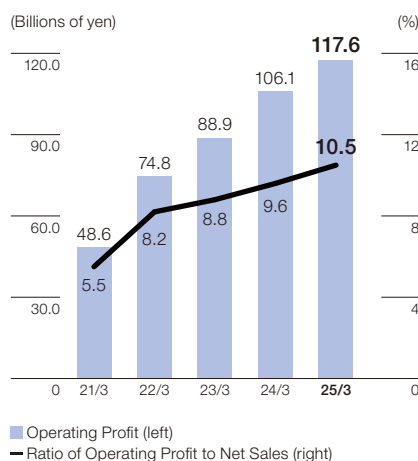
Selling, general and administrative expenses increased by 1.5%, to ¥200,255 million. The ratio of selling, general and administrative expenses to net sales decreased by 0.1 percentage point, to 17.8%.

Operating profit increased by ¥11,580 million, to ¥117,646 million, primarily due to higher demand for plant and system, launches of high value-added products, increase in product sales price, strengthening cost reduction and impact from foreign exchange rate fluctuations, while being affected by soaring material prices and reduction in component sales volumes. The operating margin increased by 0.9 percentage points, to 10.5%.

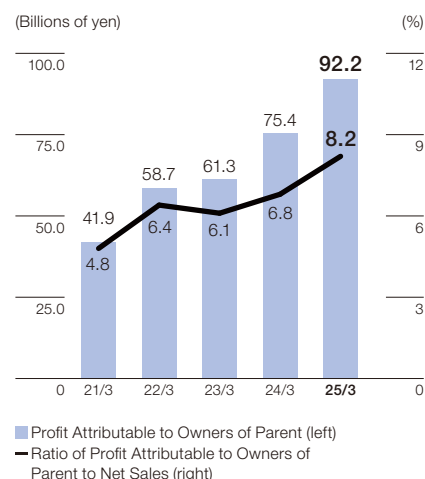
### Net Sales / Ratio of Overseas Sales to Net Sales



### 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 ¥1,113 million, a ¥643 million decrease from ¥1,756 million of non-operating expenses in the previous fiscal year. This decrease was primarily due to a ¥1,126 million foreign exchange loss, which ¥2,419 million foreign exchange gain turned into, while business conversion expenses decreased by 1,915 million. As a result, ordinary profit increased by ¥10,937 million, to ¥118,759 million.

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

Extraordinary income was ¥19,776 million, included gain on sales of noncurrent assets, gain on sales of investment securities and settlement income. This represented a ¥11,222 million increase due to an increase in gain on sales of investment securities.

Extraordinary loss was ¥4,874 million, included loss on disposal of noncurrent assets, loss on devaluation of investment securities, and settlement payments. This represented a ¥2,530 million increase due to settlement payments.

### Profit

Profit before income taxes increased by ¥19,629 million, to ¥133,661 million. After deducting ¥36,980 million of income taxes (the net of income taxes-current and income taxes-deferred) and ¥4,442 million of profit attributable to non-controlling interests, profit attributable to owners of parent increased by ¥16,886 million, to ¥92,239 million.

## Results by Business Segment

### Energy

Net sales: ¥350,909 million (an increase of 2.4%)

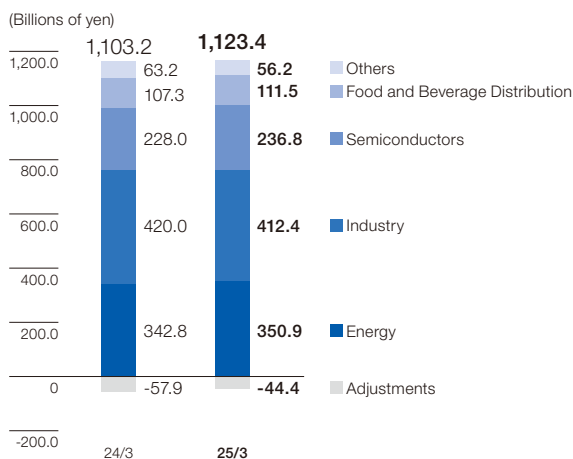
Operating profit: ¥32,125 million (an increase of ¥1,979 million)

Net sales and operating profit increased year on year primarily due to higher demand for plant and system in the energy management business and the power supply and facility systems business while increased expenses in the power generation business and lower demand due to delayed recovery in the ED&C components business.

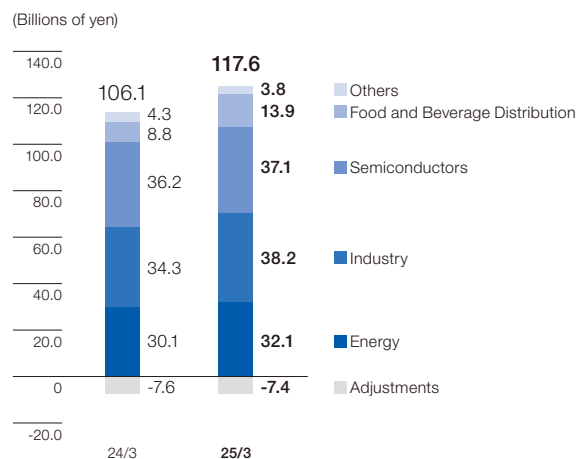
- In the power generation business, net sales increased year on year due to large-scale orders for renewable energy. However, operating profit decreased year on year due to increased expenses in thermal power and geothermal power generation projects.
- In the energy management business, net sales and operating results increased year on year due to large-scale orders for substation equipment for power, industrial and railway applications.
- In the power supply and facility systems business, net sales and operating profits increased year on year due to higher demand from data centers while a decrease of large-scale orders from overseas semiconductor manufacturers.
- In the ED&C components business, net sales decreased year on year due to lower demand caused by delayed recovery in demand from machine set manufacturers. Operating profit decreased due to the lower sales and soaring material prices.

Orders received in fiscal 2024 (Energy segment of Fuji Electric Co., Ltd., non-consolidated-basis) totaled ¥292 billion.

### Net Sales by Segment



### Operating Profit (Loss) by Segment



## Industry

Net sales: ¥412,443 million (a decrease of 1.8%)

Operating profit: ¥38,164 million (an increase of ¥3,900 million)

Net sales decreased year on year due to lower demand for low-voltage inverters in the automation systems business and a decrease of large-scale orders in the equipment construction business. However, operating profit increased year on year due to higher demand for the process automation in the automation systems business, the social solutions business and the digital transformation solutions business.

- In the automation systems business, net sales and operating profit decreased year on year due to the impacts of the ongoing inventory adjustment in relation to low-voltage inverters in factory automation, while strong demand for plant including a higher demand for drive control systems in process automation.
- In the social solutions business, net sales and operating results increased year on year due to higher demand for transportation systems.
- In the digital transformation solutions business, net sales and operating profit increased year on year due to large-scale orders in IT solutions.
- In the equipment construction business, net sales decreased year on year due to large-scale orders in air-conditioning equipment construction in the previous fiscal year. However, operating profit increased year on year due to favorable sales mix and strengthening cost reduction.

Orders received in fiscal 2024 (Industry segment of Fuji Electric Co., Ltd., non-consolidated-basis) totaled ¥193.2 billion.

Note: Effective April 1, 2024, the name of the IT solutions business subsegment was changed to the digital transformation solutions business and the information solutions operations previously contained in the social solutions business subsegment were transferred to the digital transformation solutions business subsegment. Year-on-year comparisons use figures that have been restated to reflect this change in subsegments.

## Semiconductors

Net sales: ¥236,788 million (an increase of 3.8%)

Operating profit: ¥37,081 million (an increase of ¥917 million)

- In the semiconductor business, net sales for power semiconductors for electric vehicles (xEV) increased year on year due to higher demand in domestic market, while lower demand in overseas market. Net sales for power semiconductors for industrial semiconductors increased year on year due to higher demand for renewable energy in overseas market. Operating profit increased due to sales increased and increased sales price, while increasing the costs related to the expansion of production capacity and being affected by soaring material prices.

Orders received in fiscal 2024 (Semiconductors segment of Fuji Electric Co., Ltd., non-consolidated-basis) totaled ¥195.7 billion.

## Food and Beverage Distribution

Net sales: ¥111,497 million (an increase of 3.9%)

Operating profit: ¥13,902 million (an increase of ¥5,099 million)

- In the vending machine business, net sales and operating results increased year on year due to higher demand in domestic market and cost reduction.
- In the store distribution business, net sales and operating results increased year on year due to the special demand for currency handling equipment in response to the issuance of new banknotes.

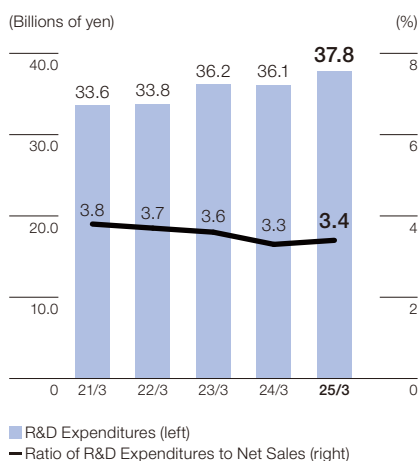
Orders received in fiscal 2024 (Food and Beverage Distribution segment of Fuji Electric Co., Ltd., non-consolidated-basis) totaled ¥107.5 billion.

## Others

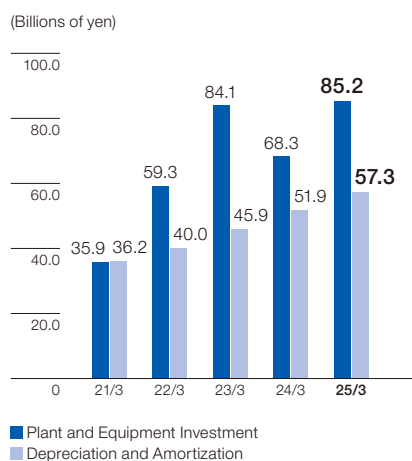
Net sales: ¥56,150 million (an decrease of 11.1%)

Operating profit: ¥3,764 million (an decrease of ¥549 million)

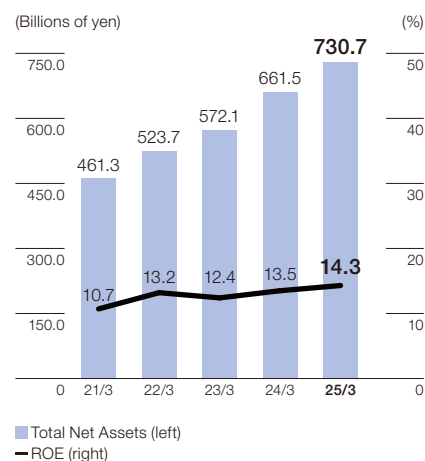
### R&D Expenditures / Ratio of R&D Expenditures to Net Sales



### Plant and Equipment Investment / Depreciation and Amortization



### Total Net Assets / ROE



## R&D Investment and Plant and Equipment Investment

### R&D

Based on the research and development strategy of the “FY2026 Mid-Term Management Plan,” Fuji Electric is working to strengthen the competitiveness of current products, develop next-generation machines, develop new products for GX, DX and global products that will drive the growth strategy, and acquire new technologies related to hydrogen, ammonia, CO<sub>2</sub>, etc., with an eye on market expansion after 2030. To this end, we are also promoting collaboration and co-creation with partner companies and academia.

The Company’s R&D expenditures in fiscal 2024 totaled ¥37,822 million.

As of March 31, 2025, the number of our industrial property rights registered in Japan and overseas was 13,373.

### Plant and Equipment Investment

In fiscal 2024, in order to increase sales, we invested a total of ¥85.185 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.

#### <Energy>

In the energy management business, our large-capacity shortcircuit testing equipment was put into operation at the Chiba Factory to shorten lead times for the development of new eco-friendly substation equipment. In the ED&C components business, we installed a fully automated assembly line for our new product, SC-NEXT, a compact and energy-efficient magnetic switch, and started mass production at the Fukiage Factory.

#### <Industry>

In the automation business, we invested in upgrading our aluminum die-casting equipment at the Suzuka Factory to bring our competitive new AC motors (75 kW and higher) to market. We also installed an assembly line for Fuji Electric Meter Co., Ltd.’s second-generation smart meters capable of measuring power and voltage with high precision.

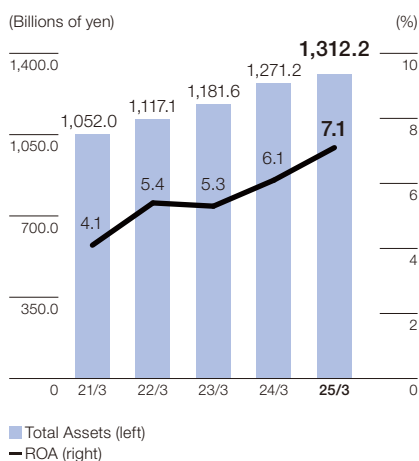
#### <Semiconductors>

In response to the growing demand for electrified vehicles and renewable energy, we invested in enhancing the production line capacity for power semiconductor Si chips at Fuji Electric (Malaysia) Sdn. Bhd. We also made investments to increase the capacity for power semiconductor SiC chip production at the Matsumoto Factory, aiming for further miniaturization, lighter weight, and higher efficiency. We also made investments at Fuji Electric Power Semiconductor Co., Ltd.’s Hokuriku Factory to increase the production line capacity for automotive IGBT modules.

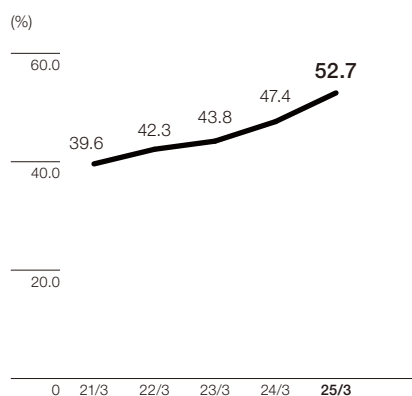
#### <Food and beverage distribution>

At the Mie Factory, we invested in streamlining the assembly line for printed circuit boards used in vending machines and coin changers. We also installed solar power generation equipment within the factory to reduce greenhouse gas emissions.

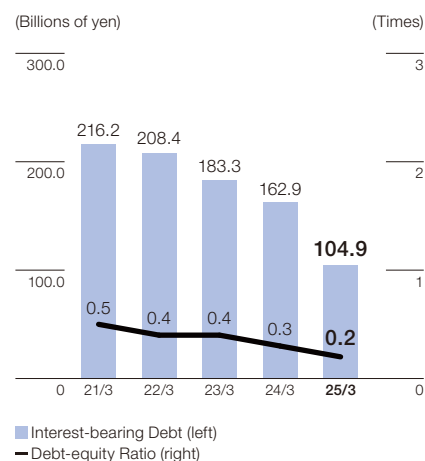
### Total Assets / ROA



### Equity Ratio



### Interest-bearing Debt / Debt-equity Ratio



## Financial Position

### Total Assets

As of March 31, 2025, total assets was ¥1,312,175 million, an increase of ¥41,001 million.

### Current Assets and Current Liabilities

Total current assets was ¥766,672 million, an increase of ¥3,600 million. This increase was primarily due to an increase of ¥12,515 million in inventories, while a decrease of ¥8,019 million in accounts receivable-trade.

Total current liabilities was ¥431,466 million, a decrease of ¥43,876 million. This decrease was primarily due to a decrease of ¥37,166 million in short-term debt.

### Noncurrent Assets

Total noncurrent assets was ¥545,503 million, an increase of ¥37,401 million. Net property, plant and equipment was ¥347,074 million, an increase of ¥35,618 million. Total investments and other assets was ¥198,429 million, an increase of ¥1,783 million. This increase was primarily due to an increase of ¥6,797 million in deferred tax assets.

### Long-term Liabilities

Total long-term liabilities was ¥150,051 million, an increase of ¥15,691 million. This increase was primarily due to an increase of ¥24,973 million in long-term debt.

### Net Assets

As of March 31, 2025, net assets was ¥730,658 million, an increase of ¥69,186 million. This increase was primarily due to an increase of ¥70,750 million in retained earnings. As a result, the equity ratio was 52.7%, an increase of 5.3 percentage points.

### Debt

As of March 31, 2025, interest-bearing debt was ¥104,876 million, a decrease of ¥58,030 million. The ratio of interest-bearing debt to total assets was 8.0%, a decrease of 4.8 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 ¥81,536 million, a ¥59,096 million increase from the previous fiscal year's positive free cash flow of ¥22,440 million.

### Cash Flows from Operating Activities

Net cash provided by operating activities was ¥144,920 million, compared with ¥84,858 million in the previous fiscal year. Major factors of the cash decrease included a decrease in trade receivables and an increase in inventories. Major factors of the cash increase included profit before income taxes. Cash flows from operating activities increased by ¥60,062 million.

### Cash Flows from Investing Activities

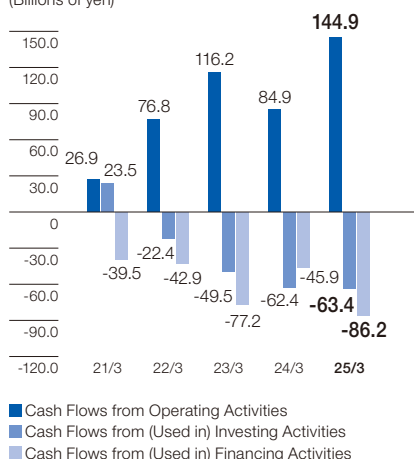
Net cash used in investing activities was ¥63,384 million, compared with net cash used by investing activities of ¥62,418 million in the previous fiscal year. This was primarily due to purchases of property, plant and equipment offset by sales of investment securities. Net cash used in investing activities increased by ¥966 million.

### Cash Flows from Financing Activities

Net cash used in financing activities was ¥86,246 million, compared with net cash used in financing activities of ¥45,868 million in the previous fiscal year. This was primarily due to decrease in short-term loans payable, repayments of long-term loans payable and lease obligations partially. Net cash used in financing activities increased by ¥40,378 million.

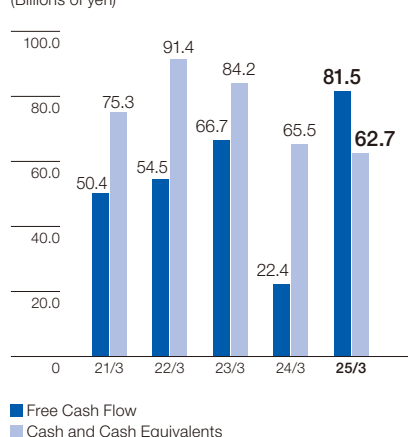
### Cash Flows

(Billions of yen)



### Free Cash Flow / Cash and Cash Equivalents

(Billions of yen)





## 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 23, 2025).

### **(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. If infectious diseases spread in many countries and cause restrictions on economic activities, it could potentially impact various business activities, including restrictions on sales activities, factory operation suspensions,

and limitations on construction site visits. These may affect Fuji Electric's 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 collect 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, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents (Note 6)	¥ 62,675	¥ 65,543	\$ 420,641
Short-term investments (Notes 5, 6 and 7)	866	643	5,816
Notes receivable-trade (Note 6)	74,613	77,134	500,762
Accounts receivable-trade (Note 6)	249,353	257,372	1,673,512
Contract assets	93,830	95,622	629,735
Inventories (Note 4)	238,650	226,135	1,601,681
Other current assets	57,086	50,960	383,113
Allowance for doubtful accounts	(10,401)	(10,337)	(69,806)
<b>Total Current Assets</b>	<b>766,672</b>	<b>763,072</b>	<b>5,145,454</b>
<b>Property, Plant and Equipment</b> (Note 5):			
Buildings and structures	315,592	298,099	2,118,071
Machinery and equipment	334,398	278,484	2,244,286
Land	36,019	35,870	241,744
Lease assets (Note 19)	75,354	103,923	505,738
Construction in progress	49,093	42,508	329,464
Others	5,590	4,260	37,518
	816,046	763,144	5,476,821
Less accumulated depreciation	(468,972)	(451,688)	(3,147,460)
<b>Net Property, Plant and Equipment</b>	<b>347,074</b>	<b>311,456</b>	<b>2,329,361</b>
<b>Investments and Other Assets:</b>			
Investment securities (Notes 5, 6 and 7):			
Unconsolidated subsidiaries and affiliates	20,549	21,687	137,914
Other	88,164	96,739	591,706
Long-term loans receivable	3,948	4,521	26,502
Deferred tax assets (Note 16)	18,275	11,478	122,653
Net defined benefit asset (Note 2 and 11)	26,052	25,401	174,848
Other investments and other assets (Note 19)	45,068	39,249	302,456
Allowance for doubtful accounts	(3,627)	(2,429)	(24,344)
<b>Total Investments and Other Assets</b>	<b>198,429</b>	<b>196,646</b>	<b>1,331,735</b>
<b>Total Assets</b>	<b>¥1,312,175</b>	<b>¥1,271,174</b>	<b>\$8,806,550</b>

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)
	2025	2024	2025
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities:</b>			
Trade payables (Notes 5 and 6)	¥ 192,834	¥ 207,408	\$1,294,189
Short-term debt (Notes 5, 6 and 9)	10,593	47,759	71,096
Current portion of long-term debt (Notes 5, 6 and 9)	122	28,500	823
Lease obligations (Notes 6 and 10)	14,292	20,283	95,923
Income taxes payable (Note 16)	28,121	19,676	188,732
Contract liabilities	67,129	55,007	450,533
Provision for product warranties (Note 2)	3,706	2,724	24,876
Other current liabilities (Note 24)	114,669	93,985	769,578
<b>Total Current Liabilities</b>	<b>431,466</b>	<b>475,342</b>	<b>2,895,750</b>
<b>Long-term Liabilities:</b>			
Long-term debt (Notes 5, 6, and 9)	60,073	35,100	403,180
Lease obligations (Notes 6 and 10)	16,212	28,711	108,805
Deferred tax liabilities (Note 16)	916	840	6,148
Provision for directors' retirement benefits	95	79	643
Net defined benefit liability (Notes 2 and 11)	66,797	63,803	448,303
Other long-term liabilities (Note 24)	5,958	5,827	39,971
<b>Total Long-term Liabilities</b>	<b>150,051</b>	<b>134,360</b>	<b>1,007,050</b>
<b>Total Liabilities</b>	<b>581,517</b>	<b>609,702</b>	<b>3,902,800</b>
<b>Contingent Liabilities</b> (Note 18):			
<b>Net Assets</b> (Note 25)			
<b>Shareholders' Equity:</b>			
Capital stock (Note 12):			
Authorized - 320,000,000 shares			
Issued- 149,296,991 shares as of March 31, 2025	47,586	—	319,369
149,296,991 shares as of March 31, 2024	—	47,586	—
Capital surplus	64,573	45,954	433,377
Retained earnings	493,885	423,135	3,314,670
Treasury stock at cost (Note 12):			0
1,973,223 shares as of March 31, 2025	(4,273)	—	(28,682)
6,466,915 shares as of March 31, 2024	—	(7,397)	—
<b>Total Shareholders' Equity</b>	<b>601,771</b>	<b>509,278</b>	<b>4,038,734</b>
<b>Accumulated Other Comprehensive Income (Loss):</b>			
Valuation difference on available-for-sale securities	49,318	54,717	330,994
Deferred gains or losses on hedges (Notes 6 and 8)	(2)	(35)	(18)
Foreign currency translation adjustments	40,047	37,774	268,771
Remeasurements of defined benefit plans	633	782	4,252
<b>Total Accumulated Other Comprehensive Income</b>	<b>89,996</b>	<b>93,238</b>	<b>603,999</b>
<b>Non-controlling interests</b>	<b>38,891</b>	<b>58,956</b>	<b>261,017</b>
<b>Total Net Assets</b>	<b>730,658</b>	<b>661,472</b>	<b>4,903,750</b>
<b>Total Liabilities and Net Assets</b>	<b>¥1,312,175</b>	<b>¥1,271,174</b>	<b>\$8,806,550</b>

# Consolidated Statements of Income

Years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
<b>Net Sales</b>	<b>¥1,123,407</b>	<b>¥1,103,214</b>	<b>\$7,539,645</b>
<b>Cost of Sales</b> (Note 13)	<b>805,506</b>	<b>799,925</b>	<b>5,406,077</b>
<b>Gross Profit</b>	<b>317,901</b>	<b>303,289</b>	<b>2,133,568</b>
<b>Selling, General and Administrative Expenses</b> (Notes 13 and 14)	<b>200,255</b>	<b>197,223</b>	<b>1,343,991</b>
<b>Operating profit</b>	<b>117,646</b>	<b>106,066</b>	<b>789,577</b>
<b>Non-Operating Income (Expenses):</b>			
Interest and dividend income	3,475	3,346	23,327
Interest expense	(3,335)	(2,101)	(22,385)
Subsidy income	1,200	—	8,053
Depreciation of inactive non-current assets	(101)	(397)	(680)
Business conversion expenses	(190)	(2,105)	(1,279)
Share exchange related expenses	(727)	—	(4,884)
Loss on guarantees	—	(660)	—
Foreign exchange gains (losses)	(1,126)	2,419	(7,558)
Equity in earnings of affiliates	1,065	1,076	7,148
Other, net	852	178	5,726
	<b>1,113</b>	<b>1,756</b>	<b>7,468</b>
<b>Ordinary Profit</b>	<b>118,759</b>	<b>107,822</b>	<b>797,045</b>
<b>Extraordinary Income, Net</b> (Note 15)	<b>14,902</b>	<b>6,210</b>	<b>100,015</b>
<b>Profit Before Income Taxes</b>	<b>133,661</b>	<b>114,032</b>	<b>897,060</b>
<b>Income Taxes</b> (Note 16)	<b>36,980</b>	<b>31,961</b>	<b>248,193</b>
<b>Profit</b>	<b>96,681</b>	<b>82,071</b>	<b>648,867</b>
<b>Profit Attributable To Non-controlling Interests</b>	<b>4,442</b>	<b>6,718</b>	<b>29,811</b>
<b>Profit Attributable To Owners of Parent</b> (Note 25)	<b>¥ 92,239</b>	<b>¥ 75,353</b>	<b>\$ 619,056</b>

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

# Consolidated Statements of Comprehensive Income

Years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
<b>Profit</b>	<b>¥96,681</b>	<b>¥ 82,070</b>	<b>\$648,866</b>
<b>Other Comprehensive Loss (Income)</b> (Note 17)			
Valuation difference on available-for-sale securities	(5,432)	8,871	(36,457)
Deferred gains or losses on hedges	32	(277)	218
Foreign currency translation adjustments	2,253	16,458	15,122
Remeasurements of defined benefit plans	(832)	2,804	(5,585)
Share of other comprehensive income of associates accounted for using equity method	344	432	2,308
<b>Total Other Comprehensive Loss (Income)</b>	<b>(3,635)</b>	<b>28,288</b>	<b>(24,394)</b>
<b>Comprehensive Income</b>	<b>¥93,046</b>	<b>¥110,358</b>	<b>\$624,472</b>
<b>Comprehensive Income Attributable to:</b>			
Owners of parent	¥88,998	¥102,590	\$597,303
Non-controlling interests	4,048	7,768	27,169

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, 2025 and 2024

	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	Remeasurements of defined benefit plans	Treasury stock	Total	Non-controlling interests	Total net assets
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	—	—	—	—	—	—	1	—	1
Change in treasury shares of parent arising from transactions with non-controlling shareholders		—	—	—	—	—	—	—	—	—	—	0
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
Profit attributable to owners of parent		—	—	92,239	—	—	—	—	—	92,239	—	92,239
Cash dividends		—	—	(21,424)	—	—	—	—	—	(21,424)	—	(21,424)
Purchase of treasury stock		—	—	—	—	—	—	—	(2,340)	(2,340)	—	(2,340)
Sales of treasury stock		—	2,078	—	—	—	—	—	262	2,340	—	2,340
Change by share exchanges		—	33,168	—	—	—	—	—	5,202	38,370	—	38,370
Change in scope of consolidation		—	—	(65)	—	—	—	—	—	(65)	—	(65)
Changes in parent's equity from transactions with non-controlling interests		—	(16,627)	—	—	—	—	—	—	(16,627)	—	(16,627)
Net changes of items other than shareholders' equity		—	—	—	(5,399)	33	2,273	(149)	—	(3,242)	(20,065)	(23,307)
<b>Balance at March 31, 2025</b>	<b>149,296</b>	<b>¥47,586</b>	<b>¥64,573</b>	<b>¥493,885</b>	<b>¥49,318</b>	<b>¥ (2)</b>	<b>¥40,047</b>	<b>¥ 633</b>	<b>¥(4,273)</b>	<b>¥691,767</b>	<b>¥38,891</b>	<b>¥730,658</b>
Thousands of U.S. dollars (Note 3)												
Balance at March 31, 2024	149,296	\$319,369	\$308,417	\$2,839,836	\$367,229	\$ (237)	\$253,511	\$5,250	\$(49,645)	\$4,043,730	\$395,682	\$4,439,412
Profit attributable to owners of parent	—	—	—	619,056	—	—	—	—	—	619,056	—	619,056
Cash dividends	—	—	—	(143,788)	—	—	—	—	—	(143,788)	—	(143,788)
Purchase of treasury stock	—	—	—	—	—	—	—	—	(15,706)	(15,706)	—	(15,706)
Sales of treasury stock	—	—	13,946	—	—	—	—	—	1,759	15,705	—	15,705
Change by share exchanges	—	—	222,606	—	—	—	—	—	34,910	257,516	—	257,516
Change in scope of consolidation	—	—	—	(434)	—	—	—	—	—	(434)	—	(434)
Changes in parent's equity from transactions with non-controlling interests	—	—	(111,592)	—	—	—	—	—	—	(111,592)	—	(111,592)
Net changes of items other than shareholders' equity	—	—	—	—	(36,235)	219	15,260	(998)	—	(21,754)	(134,665)	(156,419)
<b>Balance at March 31, 2025</b>	<b>149,296</b>	<b>\$319,369</b>	<b>\$433,377</b>	<b>\$3,314,670</b>	<b>\$330,994</b>	<b>\$ (18)</b>	<b>\$268,771</b>	<b>\$4,252</b>	<b>\$(28,682)</b>	<b>\$4,642,733</b>	<b>\$261,017</b>	<b>\$4,903,750</b>

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



# Consolidated Statements of Cash Flows

Years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
<b>Cash Flows from Operating Activities:</b>			
Profit before income taxes	¥133,661	¥114,032	\$ 897,060
Depreciation and amortization	57,341	51,875	384,842
Increase in allowance for doubtful accounts	1,277	4,241	8,575
Increase(Decrease) in provision for product warranties	986	(1,071)	6,617
Interest and dividend income	(3,475)	(3,346)	(23,327)
Interest expense	3,335	2,101	22,385
Foreign exchange gain	(162)	(428)	(1,090)
Gain on sale of noncurrent assets	(132)	(966)	(891)
Gain on sale of investment securities	(16,644)	(6,855)	(111,706)
Loss on disposal of noncurrent assets	987	1,441	6,629
Loss on devaluation of investment securities	107	171	718
Settlement payments	3,780	—	25,369
Settlement received	(3,000)	—	(20,134)
Changes in operating assets and liabilities:			0
Trade receivables and contract assets	11,770	(35,699)	78,996
Inventories	(11,670)	(21,360)	(78,323)
Trade payables	(14,999)	3,516	(100,668)
Contract liabilities	12,104	4,357	81,239
Other, net	128	3,058	861
Cash generated from operations	175,394	115,067	1,177,152
Interest and dividends received	3,474	3,438	23,316
Interest expenses paid	(3,286)	(2,166)	(22,059)
Income taxes paid	(33,662)	(31,481)	(225,921)
Settlement received	3,000	—	20,134
Net cash provided by operating activities	144,920	84,858	972,622
<b>Cash Flows from Investing Activities:</b>			
Purchase of property, plant and equipment	(76,748)	(66,960)	(515,088)
Proceeds from sale of property, plant and equipment	267	1,182	1,793
Purchase of intangible assets	(10,006)	(7,243)	(67,158)
Purchase of investment securities	(277)	(318)	(1,863)
Proceeds from sale of investment securities	18,492	11,626	124,113
Payments of loans receivable	(10,499)	(18,313)	(70,465)
Collection of loans receivable	10,681	17,277	71,690
Other, net	4,706	331	31,581
Net cash used in investing activities	(63,384)	(62,418)	(425,397)
<b>Cash Flows from Financing Activities:</b>			
Net Decrease (Increase) in short-term loans payable	(37,247)	38,023	(249,979)
Proceeds from long-term loans payable	15,113	15,000	101,432
Repayment of long-term loans payable	(28,517)	(37,885)	(191,389)
Proceeds from issuance of bonds	10,000	—	67,114
Redemption of bonds	—	(15,000)	—
Repayments of lease obligations	(20,675)	(24,468)	(138,764)
Proceeds from sale of treasury stock	2,407	0	16,158
Purchase of treasury stock	(2,340)	(26)	(15,706)
Purchase of treasury shares of subsidiaries	(20)	—	(136)
Cash dividends paid	(21,424)	(17,140)	(143,788)
Cash dividends paid to non-controlling interests	(3,542)	(4,370)	(23,776)
Other, net	(1)	(2)	(2)
Net cash used in financing activities	(86,246)	(45,868)	(578,836)
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	637	4,806	4,275
<b>Net Decrease in Cash and Cash Equivalents</b>	(4,073)	(18,622)	(27,336)
<b>Cash and Cash Equivalents at Beginning of Year</b>	65,543	84,165	439,890
<b>Increase in Cash and Cash Equivalents Resulting from Change in Scope of Consolidation</b>	1,205	—	8,087
<b>Cash and Cash Equivalents at End of Year</b>	¥ 62,675	¥ 65,543	\$ 420,641

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, 2025 include the accounts of the Company and its 68 significant subsidiaries and its 4 subsidiaries and affiliates are accounted for by the equity method (68 and 4 in 2024).

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) Method for period attribution of retirement benefit estimates**

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

### **(2) Method for amortization of actuarial gains and losses, and past service costs**

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

## **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.

#### 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, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Sales	¥123,472	¥120,042	\$828,674
Ending balance of contract assets (construction contract receivable for the previous fiscal year)	74,744	75,387	501,641

Note: The above amounts represent unfinished, undelivered, or incomplete contracts of job-order production goods, construct works and rendering 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, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Net defined benefit asset	¥26,052	¥25,401	\$174,848
Net defined benefit liability	66,797	63,803	448,303
Remeasurements of defined benefit plans	633	782	4,252

### (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. Changes in Accounting Policies

### (Application of “Accounting Standard for Current Income Taxes,” etc.)

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

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

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

## t. Unapplied accounting standards

- “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024)
- “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, issued on September 13, 2024), etc.

### (1) Overview

As part of the efforts by the ASBJ to align Japanese accounting standards with international standards, the ASBJ has examined the development of accounting standards for leases, which require lessees to recognize assets and liabilities for all leases, based on international accounting standards. The fundamental policy is to adopt a single accounting model based on IFRS 16 while incorporating only its key provisions rather than all of its requirements. This approach aims to establish a lease accounting standard that is simple, user-friendly, and ensures that applying IFRS 16 provisions to individual financial statements will generally not require modifications.

Under the lessee’s accounting treatment, the method of expense allocation for leases follows IFRS 16. Regardless of whether a lease is classified as a finance lease or an operating lease, a single accounting model is applied to all leases, whereby depreciation expense related to right-of-use assets and interest equivalent amounts on lease liabilities are recognized.

### (2) Schedule date of adoption

The accounting standard will be applied from the beginning of the fiscal year ending March 31, 2028.

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

The effect of the application of the “Accounting Standard for Leases” and other related accounting standards on the consolidated financial statements is currently under evaluation.

#### u. Changes in presentation

##### (Consolidated Statements of Cash Flows)

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

As a result of this change, ¥(6,912) million (\$46,392) thousand), which was disclosed as "Other, net" under "Cash flows from investing activities," has been reclassified to ¥(7,243) million (\$48,614) thousand) of "Purchase of intangible assets" and ¥331 million (\$2,222 thousand) of "Other, net" in the Year ended March 31, 2024.

#### v. Supplemental information

##### (Performance-related share-based remuneration plan)

Based on the resolution passed at the 148th Ordinary General Meeting of Shareholders held on June 25, 2024, our company has introduced performance-related share-based remuneration plan (Stock Beneficiaries' Trust) for our directors and executive officers (referred to collectively as "directors, etc." hereinafter), excluding outside directors, using our own shares.

#### (1) Overview of the transaction

This scheme involves a trust (referred to as "the Trust" hereinafter), which is established with the company's funds, obtaining shares of the company. Based on the Officer Share Remuneration Rules, points are allocated to directors, etc. each year, at a designated time, shares of the company and cash equivalent to the market value of the shares are provided through the Trust in accordance with the points granted.

Furthermore, under a contractual agreement with the company, directors, etc. are restricted from disposing of the shares received during their tenure.

#### (2) Shares of the company remaining in the trust

The shares of the company remaining in the trust are recorded as treasury stock in the Net Assets of the balance sheet, based on the trust's book value (excluding incidental costs).

As of the end of this consolidated fiscal year, the book value of these treasury shares is ¥2,319 million (\$15,567 thousand), with a total of 291,000 shares.

## 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

¥149=U.S.\$1, the approximate exchange rate as of March 31, 2025. The U.S. dollar amounts are presented solely for the convenience of the readers outside Japan.

## Note 4. Inventories

Inventories as of March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Merchandise and finished goods	¥ 84,472	¥ 77,539	\$ 566,931
Work in process	55,156	51,772	370,178
Raw materials	99,022	96,824	664,572
Inventories	¥238,650	¥226,135	\$1,601,681

Losses on valuation of inventories with lower profitability were ¥120 million (\$811 thousand) and ¥1,878 million for the years ended March 31, 2025 and 2024, 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, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Investment securities	¥ —	¥ 21	\$ —
Property, plant and equipment	359	396	2,409
Total	¥ 359	¥ 417	\$2,409

Collateralized liabilities as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Trade payables	¥ —	¥ 3	\$ —
Short-term debt	398	306	2,674
Total	¥ 398	¥ 309	\$2,674



## 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 foreign exchange risk. The Companies hedge the foreign 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 foreign exchange risk. The Companies hedge the foreign 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 13 years at the longest after the balance sheet date. Some are exposed to interest rate fluctuation and foreign exchange risk.

Regarding derivatives, the Companies employ foreign exchange forward contracts to reduce foreign exchange risk 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 foreign exchange risk 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, 2025 and 2024, estimated fair value and the variance between them are shown in the following table.

	Millions of yen		
	2025		
	Carrying amounts	Fair value	Variance
Accounts receivable-trade	¥249,353		
Allowance for doubtful accounts	(5,223)		
	244,130	244,031	(99)
Investment securities	94,196	101,945	7,749
Bonds	(30,000)	(29,357)	(643)
Long-term debt	(30,073)	(29,755)	(318)
Lease obligations	(30,504)	(30,216)	(288)
Derivatives			
Derivative transactions to which hedge accounting is not applied	(193)	(193)	—
Derivative transactions to which hedge accounting is applied	(10)	(10)	—

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

	Millions of yen	
	2025	
	Carrying amounts	
Unlisted stocks (including stocks of unconsolidated subsidiaries and affiliates)	¥14,352	
Investment in Limited Partnership	164	

	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	

	Thousands of U.S. dollars (Note 3)		
	2025		
	Carrying amounts	Fair value	Variance
Accounts receivable-trade	\$1,673,512		
Allowance for doubtful accounts	(35,051)		
	1,638,461	1,637,792	(669)
Investment securities	632,191	684,198	52,007
Bonds	(201,342)	(197,026)	(4,316)
Long-term debt	(201,838)	(199,703)	(2,135)
Lease obligations	(204,728)	(202,796)	(1,932)
Derivatives			
Derivative transactions to which hedge accounting is not applied	(1,298)	(1,298)	—
Derivative transactions to which hedge accounting is applied	(67)	(67)	—

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

	Thousands of U.S. dollars (Note 3)	
	2025	
	Carrying amounts	
Unlisted stocks (including stocks of unconsolidated subsidiaries and affiliates)	\$96,324	
Investment in Limited Partnership	1,105	

(\*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, 2025 and 2024:

Millions of yen				
2025				
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	¥ 62,675	¥ —	¥ —	¥ —
Notes receivable-trade	74,613	—	—	—
Accounts receivable-trade	242,021	1,805	305	—
Total	¥379,309	¥ 1,805	¥ 305	¥ —

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	¥ —

Thousands of U.S. dollars (Note 3)				
2025				
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	\$ 420,641	\$ —	\$ —	\$ —
Notes receivable-trade	500,762	—	—	—
Accounts receivable-trade	1,624,299	12,114	2,048	—
Total	\$2,545,702	\$12,114	\$ 2,048	\$ —

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				
2025				
Class of financial instrument	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Equity securities	¥83,824	¥ —	¥ —	¥83,824
Total financial assets at fair value	¥83,824	¥ —	¥ —	¥83,824
Derivatives				
Currency derivatives	¥ —	¥ (203)	¥ —	¥ (203)
Total derivatives at fair value	¥ —	¥ (203)	¥ —	¥ (203)

Millions of yen				
2024				
Class of financial instrument	Fair value			
	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

Thousands of U.S. dollars (Note 3)				
2025				
Fair value				
Class of financial instrument	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Equity securities	\$562,582	\$ —	\$ —	\$562,582
Total financial assets at fair value	\$562,582	\$ —	\$ —	\$562,582
Derivatives				
Currency derivatives	\$ —	\$ (1,365)	\$ —	\$ (1,365)
Total derivatives at fair value	\$ —	\$ (1,365)	\$ —	\$ (1,365)

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

Millions of yen				
2025				
Fair value				
Class of financial instrument	Level 1	Level 2	Level 3	Total
Accounts receivable-trade	¥ —	¥244,031	¥ —	¥244,031
Investment securities				
Unconsolidated subsidiaries and affiliates				
Shares of Affiliates	18,120	—	—	18,120
Total financial assets at fair value	¥18,120	¥244,031	¥ —	¥262,151
Bonds	¥ —	¥ 29,357	¥ —	¥ 29,357
Long-term debt	—	29,755	—	29,755
Lease obligations	—	30,216	—	30,216
Total financial liabilities at fair value	¥ —	¥ 89,328	¥ —	¥ 89,328

Millions of yen				
2024				
Fair value				
Class of financial instrument	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

Thousands of U.S. dollars (Note 3)				
2025				
Fair value				
Class of financial instrument	Level 1	Level 2	Level 3	Total
Accounts receivable-trade	\$ —	\$1,637,792	\$ —	\$1,637,792
Investment securities				
Unconsolidated subsidiaries and affiliates				
Shares of Affiliates	121,616	—	—	121,616
Total financial assets at fair value	\$121,616	\$1,637,792	\$ —	\$1,759,408
Bonds	\$ —	\$ 197,026	\$ —	\$ 197,026
Long-term debt	—	199,703	—	199,703
Lease obligations	—	202,796	—	202,796
Total financial liabilities at fair value	\$ —	\$ 599,525	\$ —	\$ 599,525

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 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, 2025 and 2024 were as follows:

	Millions of yen			
	2025			
	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	¥12,151	¥83,824	¥71,674	¥ (1)
Debt securities	—	—	—	—
Others	—	—	—	—
Total	¥12,151	¥83,824	¥71,674	¥ (1)

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, 2025 was ¥4,339 million.)

	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.)

	Thousands of U.S. dollars (Note 3)			
	2025			
	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	\$81,552	\$562,582	\$481,039	\$ 9
Debt securities	—	—	—	—
Others	—	—	—	—
Total	\$81,552	\$562,582	\$481,039	\$ 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, 2025 was \$29,124 thousand.)

### 2. Sales of other securities for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Proceeds from sales	¥18,489	¥11,334	\$124,093
Gain on sales	16,644	7,318	111,706
Loss on sales	—	(14)	—

### 3. Impairment of other securities for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Impairment losses	¥ 107	¥ 171	\$ 718

## Note 8. Derivatives

### 1. Derivative transactions to which hedge accounting is not applied

Millions of yen				
2025				
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. dollar	¥28,528	¥ —	¥ (169)	¥ (169)
Euro	2,637	—	8	8
Won	189	—	5	5
Baht	207	—	(30)	(30)
Yuan Renminbi	30	—	(1)	(1)
Payables:				
U.S. dollar	53	—	(0)	(0)
Yuan Renminbi	1,492	—	(21)	(21)
Yen	689	—	(7)	(7)
Singapore Dollar	623	—	(9)	(9)
Baht	554	—	31	31
Total	¥35,002	¥ —	¥ (193)	¥ (193)

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

Thousands of U.S. dollars (Note 3)				
2025				
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. dollar	\$191,465	\$ —	\$ (1,140)	\$ (1,140)
Euro	17,704	—	55	55
Won	1,273	—	33	33
Baht	1,391	—	(206)	(206)
Yuan Renminbi	202	—	(9)	(9)
Payables:				
U.S. dollar	356	—	(5)	(5)
Yuan Renminbi	9,992	—	(127)	(127)
Yen	4,630	—	(47)	(47)
Singapore Dollar	4,184	—	(63)	(63)
Baht	3,721	—	211	211
Total	\$234,918	\$ —	\$ (1,298)	\$ (1,298)

## 2. Derivative transactions to which hedge accounting is applied

### Currency-related contracts

			Millions of yen		
			2025		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable-trade			
	U.S. Dollar		¥12,784	¥3,952	¥(214)
	Euro		2,293	—	11
	Baht		106	—	0
	Payables:	Accounts payable-trade			
	U.S. Dollar		8,752	4,191	(5)
	Euro		8,506	7,447	227
	Yuan Renminbi		723	—	(13)
Allocation method	Singapore Dollar		4,022	—	(42)
	Baht		1,026	—	26
	Foreign currency forward contracts:				
	Receivables:	Accounts receivable-trade			
	U.S. Dollar		¥ 2,626	¥ —	
	Baht		887	—	
	Yuan Renminbi		129	—	
	Payables:	Accounts payable-trade			
	U.S. Dollar		99	—	
Total			¥41,953	¥15,590	¥ (10)

			Millions of yen		
			2024		
Hedge accounting method	Type of derivative	Principal items hedged	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
Allocation method	Yuan Renminbi		22	—	(0)
	Singapore Dollar		588	—	4
	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)

			Thousands of U.S. dollars (Note 3)		
			2025		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable-trade			
	U.S. Dollar		\$ 85,764	\$ 26,516	\$ (1,442)
	Euro		15,390	—	78
	Baht		717	—	4
	Payables:	Accounts payable-trade			
	U.S. Dollar		58,744	28,131	(35)
	Euro		57,088	49,986	1,525
	Yuan Renminbi		4,857	—	(90)
Allocation method	Singapore Dollar		26,997	—	(283)
	Baht		6,887	—	176
	Foreign currency forward contracts:				
	Receivables:	Accounts receivable-trade			
	U.S. Dollar		\$ 17,630	\$ —	
	Baht		5,956	—	
	Yuan Renminbi		866	—	
	Payables:	Accounts payable-trade			
	U.S. Dollar		668	—	
Total			\$281,564	\$104,633	\$ (67)

Note: Since foreign currency forward contracts under the allocation method are treated together with accounts receivable-trade and accounts payable-trade, the fair value of such contracts is included in the fair value of the accounts.

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

Short-term debt as of March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Loans, principally from banks	¥10,593	¥11,759	\$71,096
Commercial paper	—	36,000	—
Short-term debt	¥10,593	¥47,759	\$71,096

Note: The weighted average interest rates on short-term debt as of March 31, 2025 and 2024 were 4.69% and 1.03%, respectively.

Long-term debt as of March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Loans, principally from banks and insurance companies	¥30,195	¥43,600	\$202,662
Bonds issued by the Company:			
0.40% Yen unsecured straight bonds due May 21, 2027	10,000	10,000	67,114
0.40% Yen unsecured straight bonds due May 25, 2028	10,000	10,000	67,114
0.89% Yen unsecured straight bonds due June 6, 2029	10,000	—	67,114
	60,195	63,600	404,004
Less: Portion due within one year	122	28,500	823
Long-term debt	¥60,073	¥35,100	\$403,181

Note: The weighted average interest rates on loans, principally from banks and insurance companies, as of March 31, 2025 and 2024 were 0.66% and 0.29%, respectively.

As of March 31, 2025, 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)
2027	¥15,024	\$100,826
2028	17,522	117,601
2029	17,522	117,601
2030	10,005	67,153
2031 thereafter	—	—
Total	¥60,073	\$403,181

## Note 10. Lease Obligations

Lease obligations as of March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Short-term	¥14,292	¥20,283	\$ 95,923
Long-term	16,212	28,711	108,805
Total	¥30,504	¥48,994	\$204,728

Note: The weighted average interest rates on lease obligations as of March 31, 2025 and 2024 were 1.11% and 2.20%, respectively.

As of March 31, 2025, the aggregate annual maturities of lease obligations were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 3)
2027	¥10,175	\$ 68,292
2028	4,361	29,270
2029	884	5,938
2030	587	3,946
2031 thereafter	205	1,359
Total	¥16,212	\$108,805

## 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, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Retirement benefit obligation at the beginning of the year	¥158,900	¥163,161	\$1,066,445
Service cost	2,884	2,983	19,361
Interest cost	2,176	2,225	14,608
Actuarial loss	(55)	862	(369)
Retirement benefits paid	(11,073)	(10,540)	(74,316)
Prior service cost	95	119	637
Others	(20)	90	(140)
Retirement benefit obligation at the end of the year	¥152,907	¥158,900	\$1,026,226

(2) The changes in plan assets at fair value except for plans accounted for by a simplified method during the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Plan assets at fair value at the beginning of the year	¥123,076	¥125,289	\$826,015
Expected return on plan assets	1,475	1,448	9,904
Actuarial gain	(404)	5,359	(2,714)
Contributions by the Companies	662	679	4,447
Retirement benefits paid	(10,078)	(9,720)	(67,639)
Others	(8)	21	(59)
Plan assets at fair value at the end of the year	¥114,723	¥123,076	\$769,954

(3) The changes in defined benefit liability and asset calculated by a simplified method during the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Retirement benefit obligation at the beginning of the year	¥2,695	2,564	\$18,087
Defined benefit asset at the beginning of the year	(117)	(9)	(786)
Retirement benefit expenses	187	223	1,260
Retirement benefits paid	(210)	(214)	(1,414)
Contributions	(17)	(17)	(117)
Others	22	31	152
Defined benefit liability at the end of the year	¥2,695	¥2,695	\$18,091
Defined benefit asset at the end of the year	¥ (135)	¥ (117)	\$ (909)



**(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)
	2025	2024	2025
Funded retirement benefit obligation	¥147,295	¥152,709	\$ 988,560
Plan assets at fair value	(116,352)	(124,844)	(780,884)
	30,943	27,865	207,676
Unfunded retirement benefit obligation	9,802	10,537	65,779
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ 40,745	¥ 38,402	\$ 273,455
Net defined benefit liability	66,797	63,803	448,303
Net defined benefit asset	(26,052)	(25,401)	(174,848)
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ 40,745	¥ 38,402	\$ 273,455

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

**(5) The components of retirement benefit expenses for the years ended March 31, 2025 and 2024 were as follows:**

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Service cost	¥2,884	¥2,983	\$19,361
Interest cost	2,176	2,225	14,608
Expected return on plan assets	(1,475)	(1,448)	(9,904)
Amortization of actuarial loss	(76)	363	(515)
Amortization of prior service cost	(714)	(699)	(4,795)
Retirement benefit expenses calculated by simplified method	187	223	1,260
Others	98	116	659
Retirement benefit expenses	¥3,080	¥3,763	\$20,674

**(6) The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effect) for the years ended March 31, 2025 and 2024 were as follows:**

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Prior service cost	¥ 809	¥ 819	\$5,433
Actuarial gain and loss	415	(4,858)	2,781
Total	¥1,224	¥(4,039)	\$8,214

**(7) The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2025 and 2024 were as follows:**

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Unrecognized prior service cost	¥(909)	¥(1,719)	\$ (6,106)
Unrecognized actuarial gain and loss	171	(243)	1,148
Total	¥(738)	¥(1,962)	\$ (4,958)

**(8) The breakdown of plan assets by major category as of March 31, 2025 and 2024 were as follows:**

	2025	2024
Debt securities	18%	20%
Deposit	17	19
Equity securities	15	17
General accounts at life insurance companies	39	30
Others	11	14
Total	100%	100%

Note: Retirement benefit trust established for the corporate pension plans is included and equivalent to 8% of total amount of plan assets as of March 31, 2025 and 9% of total amount of plan assets as of March 31, 2024.

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, 2025 and 2024 were as follows:

	2025	2024
Discount rates	0.27% - 2.39%	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, 2025 and 2024 were ¥4,548 million (\$30,526 thousand) and ¥4,603 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, 2025 and 2024 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, 2025 and 2024 were as follows:

	Thousands of shares			
	March 31, 2024	Increase in the year	Decrease in the year	March 31, 2025
Shares outstanding:				
Common stock	149,296	—	—	149,296
Total	149,296	—	—	149,296
Treasury stock:				
Common stock	6,466	293	4,786	1,973
Total	6,466	293	4,786	1,973

	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

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, 2025 and 2024.

### 2. Dividends

#### (1) Dividends paid

For the year ended March 31, 2025

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 23, 2024	Common stock	¥10,712	\$71,894	¥75.0	\$0.503	March 31, 2024	June 5, 2024
Meeting of the Board of Directors on October 31, 2024	Common stock	10,712	71,894	75.0	0.503	September 30, 2024	December 4, 2024

For the year ended March 31, 2024

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

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

Resolution	Type of shares	Total dividends (millions of yen)	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, 2025	Common stock	¥12,547	\$84,209	Retained Earnings	¥85.0	\$0.570	March 31, 2025	June 5, 2025

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

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

## Note 13. Research and Development Costs

Research and development costs recognized as expenses for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Research and development costs	¥37,822	¥36,059	\$253,840

## Note 14. Selling, General and Administrative Expenses

Major components of selling, general and administrative expenses for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Salaries and wages	¥96,117	¥89,996	\$645,083
Retirement benefit expenses	3,700	3,809	24,835
Research and development costs	32,318	31,129	216,905

## Note 15. Extraordinary Income, Net

Extraordinary income, net, for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Extraordinary income			
Gain on sale of noncurrent assets	¥ 132	¥ 966	\$ 891
Gain on sale of investment securities	16,644	7,588	111,706
Settlement income	3,000	—	20,134
Extraordinary loss			
Loss on disposal of noncurrent assets	(987)	(1,441)	(6,629)
Loss on devaluation of investment securities	(107)	(171)	(718)
Loss on sale of investment securities	—	(732)	0
Settlement payments	(3,780)	—	(25,369)
Extraordinary income (loss), net	¥14,902	¥6,210	\$100,015

## Note 16. Income Taxes

### 1. The components of income taxes for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Current	¥41,750	¥32,117	\$280,207
Deferred	(4,770)	(156)	(32,014)
Income taxes	¥36,980	¥31,961	\$248,193

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, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Deferred tax assets			
Net defined benefit liability	¥18,556	¥18,562	\$124,537
Inventories	9,553	9,512	64,115
Accrued employees' bonuses	8,810	8,414	59,133
Investment securities	7,006	7,036	47,022
Tangible fixed assets	2,034	2,110	13,655
Other	16,838	12,279	113,006
Gross deferred tax assets	62,797	57,913	421,468
Less: Valuation allowance	(12,813)	(12,186)	(85,997)
Total deferred tax assets	49,984	45,727	335,471
Deferred tax liabilities			
Unrealized gain on other securities	(22,983)	(24,469)	(154,254)
Investment securities	(783)	(1,004)	(5,257)
Other	(8,859)	(9,616)	(59,455)
Gross deferred tax liabilities	(32,625)	(35,089)	(218,966)
Net deferred tax assets (liabilities)	¥17,359	¥10,638	\$116,505

### 3. The reconciliation between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2025 and 2024 were as follows:

	2025	2024
Statutory income tax rate	30.6%	30.6%
Tax credits	(3.4)	(3.7)
Tax rate difference of overseas consolidated subsidiaries	(2.1)	(2.6)
Permanent difference resulting from non-taxable income, including dividends received	(0.4)	(0.5)
Valuation allowance	0.1	1.7
Permanent difference resulting from expenses not deductible for income tax purposes	1.1	1.3
Foreign tax credit	1.4	0.1
Other	0.4	1.1
Effective income tax rate	27.7%	28.0%

### 4. Adjustment of deferred tax assets and liabilities due to changes in income taxes rates

Following the enactment of the "Act for Partial Amendment of the Income Tax Act, etc." (Act No.13 of 2025) on March 31, 2025, the "Defence Special Cooperate Tax" will be imposed from the fiscal years beginning on or after April 1, 2026.

Accordingly, the statutory effective tax rate used to calculate deferred tax assets and liabilities for temporary differences expected to be recovered or settled on or after April 1, 2026 was changed from 30.6% to 31.5%.

As a result of this change, the amount of deferred tax assets (net of deferred tax liabilities) for the fiscal year ended March 31, 2025 decreased by ¥28 million (\$193 thousand), Income taxes - deferred decreased by ¥624 million (\$4,193 thousand), Valuation difference on available-for-sale securities decreased by ¥647 million (\$4,348 thousand) and Remeasurements of defined benefit plans decreased by ¥5 million (\$38 thousand), respectively.

### 5. 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)
	2025	2024	2025
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥ 9,501	¥20,170	\$ 63,771
Reclassification adjustments	(16,418)	(7,304)	(110,195)
Income Taxes and Before tax effect	(6,917)	12,866	(46,424)
Income Taxes and Tax effect	1,485	(3,995)	9,967
Valuation difference on available-for-sale securities	(5,432)	8,871	(36,457)
Deferred gains or losses on hedges:			
Amount arising during the year	46	(399)	315
Income Taxes and Before tax effect	46	(399)	315
Income Taxes and Tax effect	(14)	122	(97)
Deferred gains or losses on hedges	32	(277)	218
Foreign currency translation adjustments:			
Amount arising during the year	2,253	16,420	15,122
Reclassification adjustments	—	39	—
Income Taxes and Before tax effect	2,253	16,459	15,122
Income Taxes and Tax effect	—	(1)	—
Foreign currency translation adjustments	2,253	16,458	15,122
Remeasurements of defined benefit plans:			
Amount arising during the year	(295)	4,376	(1,980)
Reclassification adjustments	(928)	(337)	(6,233)
Income Taxes and Before tax effect	(1,223)	4,039	(8,213)
Income Taxes and Tax effect	391	(1,235)	2,628
Remeasurements of defined benefit plans	(832)	2,804	(5,585)
Share of other comprehensive income of associates accounted for using equity method:			
Amount arising during the year	310	377	2,086
Reclassification adjustments	34	55	222
Share of other comprehensive income of associates accounted for using equity method	344	432	2,308
Total other comprehensive income	¥ (3,635)	¥28,288	\$ (24,394)

## Note 18. Contingent Liabilities

Contingent liabilities as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Guarantees	¥1,354	¥2,066	\$9,091

## 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, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Due within one year	¥2,461	¥2,342	\$16,520
Due after one year	1,281	2,819	8,598
Total	¥3,742	¥5,161	\$25,118

## Note 20. Revenue Recognition

### 1. Disaggregation of revenue

Disaggregation of revenue by geographical region for the year ended March 31, 2025 and 2024 were as follows:

Year ended March 31, 2025	Millions of yen							Total
	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Subtotal	Adjustments	
Japan	¥237,720	¥333,060	¥109,551	¥109,440	¥49,855	¥ 839,626	¥(41,703)	¥797,923
Asia and other areas	81,650	40,025	17,713	462	3,649	143,499	(2,023)	141,476
China	12,603	18,292	64,418	1,595	2,508	99,416	(518)	98,898
Europe	497	9,740	29,970	0	2	40,209	(0)	40,209
Americas	18,439	11,326	15,136	—	136	45,037	(136)	44,901
Revenue from contracts with customers	¥350,909	¥412,443	¥236,788	¥111,497	¥56,150	¥1,167,787	¥(44,380)	¥1,123,407

Year ended March 31, 2024	Millions of yen							Total
	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Subtotal	Adjustments	
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
Americas	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

Year ended March 31, 2025	Thousands of U.S. dollars (Note 3)							Total
	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Subtotal	Adjustments	
Japan	\$1,595,437	\$2,235,307	\$ 735,244	\$734,497	\$334,591	\$5,635,076	\$(279,883)	\$5,355,193
Asia and other areas	547,988	268,608	118,868	3,098	24,514	963,076	(13,583)	949,493
China	84,585	122,771	432,340	10,706	16,823	667,225	(3,475)	663,750
Europe	3,336	65,372	201,147	4	1	269,860	(0)	269,860
Americas	123,754	76,019	101,584	—	908	302,265	(916)	301,349
Revenue from contracts with customers	\$2,355,100	\$2,768,077	\$1,589,183	\$748,305	\$376,837	\$7,837,502	\$(297,857)	\$7,539,645

Note: 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. 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 or 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, motors, servo systems, power supply (small), measuring instruments, sensors, controllers and HMI 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, substation systems, 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 becomes 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, 2025 and 2024 that were included in the contract liability balance at the beginning of the fiscal years were ¥33,287 million (\$223,408 thousand) and ¥38,629 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, 2025 and 2024 were ¥509,417 million (\$3,418,908 thousand) and ¥436,827 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 6 years (within 7 years in previous fiscal year)  
Industry: within 3 years (within 3 years in previous fiscal year)

Regarding 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.

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

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

#### (2) Calculation method of net sales, 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, 2025 and 2024 were as follows:

Year ended March 31, 2025	Millions of yen							
	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
<b>Sales, profits or losses and assets by reporting segments</b>								
Net sales								
Sales to third parties	¥347,694	¥396,702	¥233,524	¥109,261	¥36,226	¥1,123,407	¥ —	¥1,123,407
Inter-segment sales and transfers	3,215	15,741	3,264	2,236	19,924	44,380	(44,380)	—
Total sales	¥350,909	¥412,443	¥236,788	¥111,497	¥56,150	¥1,167,787	¥ (44,380)	¥1,123,407
Segment profits (losses)	¥ 32,125	¥ 38,164	¥ 37,081	¥ 13,902	¥ 3,764	¥ 125,036	¥ (7,390)	¥ 117,646
Segment assets	¥350,588	¥356,367	¥416,421	¥ 62,825	¥30,990	¥1,217,191	¥ 94,984	¥1,312,175
<b>Other items</b>								
Depreciation and amortization	¥ 8,094	¥ 8,362	¥ 36,607	¥ 2,181	¥ 500	¥ 55,744	¥ 1,597	¥ 57,341
Investments for companies applied equity method	¥ 12,435	¥ 1,987	¥ —	¥ —	¥ —	¥ 14,422	¥ —	¥ 14,422
Capital expenditures	¥ 10,577	¥ 9,029	¥ 65,247	¥ 2,641	¥ 151	¥ 87,645	¥ 8,292	¥ 95,937

Year ended March 31, 2024	Millions of yen							
	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
<b>Sales, profits or losses and assets by reporting segments</b>								
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
<b>Other items</b>								
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

Thousands of U.S. dollars (Note 3)								
Year ended March 31, 2025	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
<b>Sales, profits or losses and assets by reporting segments</b>								
Net sales								
Sales to third parties	\$2,333,520	\$2,662,431	\$1,567,280	\$733,298	\$243,116	\$7,539,645	\$ —	\$7,539,645
Inter-segment sales and transfers	21,580	105,646	21,903	15,007	133,721	297,857	(297,857)	—
Total sales	\$2,355,100	\$2,768,077	\$1,589,183	\$748,305	\$376,837	\$7,837,502	\$(297,857)	\$7,539,645
Segment profits (losses)	\$ 215,606	\$ 256,140	\$ 248,868	\$ 93,303	\$ 25,255	\$ 839,172	\$ (49,595)	\$ 789,577
Segment assets	\$2,352,939	\$2,391,728	\$2,794,775	\$421,646	\$207,985	\$8,169,073	\$ 637,477	\$8,806,550
<b>Other items</b>								
Depreciation and amortization	\$ 54,327	\$ 56,126	\$ 245,686	\$ 14,639	\$ 3,347	\$ 374,125	\$ 10,717	\$ 384,842
Investments for companies applied equity method	\$ 83,459	\$ 13,338	\$ —	\$ —	\$ —	\$ 96,797	\$ —	\$ 96,797
Capital expenditures	\$ 70,986	\$ 60,601	\$ 437,902	\$ 17,725	\$ 1,008	\$ 588,222	\$ 55,656	\$ 643,878

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)
	2025	2024	2025
Corporate expense*	¥ (7,449)	¥ (7,575)	\$ (49,996)
Elimination of intersegment sales	59	(48)	401
Total	¥ (7,390)	¥ (7,623)	\$ (49,595)

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Corporate assets*	¥ 261,797	¥ 303,703	\$ 1,757,028
Elimination of intersegment transactions	(166,813)	(196,039)	(1,119,551)
Total	¥ 94,984	¥ 107,664	\$ 637,477

\* 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, 2025 and 2024 were as follows:

### Geographic information

#### (a) Sales

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Japan	¥ 797,923	¥ 770,790	\$5,355,193
Asia (except for China), Others	141,476	163,440	949,493
China	98,898	96,345	663,750
Europe	40,209	39,198	269,860
Americas	44,901	33,441	301,349
Consolidated	¥1,123,407	¥1,103,214	\$7,539,645

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

#### (b) Tangible fixed assets

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Japan	¥253,121	¥220,869	\$1,698,800
Asia (except for Malaysia and China), Others	19,511	70,475	130,933
Malaysia	53,095	—	356,348
China	19,216	18,195	128,972
Europe	918	778	6,167
Americas	1,213	1,139	8,141
Consolidated	¥347,074	¥311,456	\$2,329,361

## 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, 2025 and 2024 were as follows:

Year ended March 31, 2025	Millions of yen					Consolidated
	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	
Amortization	¥ —	¥ 884	¥ 13	¥ —	¥ —	¥ 897
Balance as of March 31	¥ —	¥3,763	¥ 5	¥ —	¥ —	¥3,768

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

Year ended March 31, 2025	Thousands of U.S. dollars (Note 3)					Consolidated
	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	
Amortization	\$ —	\$ 5,932	\$ 89	\$ —	\$ —	\$ 6,021
Balance as of March 31	\$ —	\$25,254	\$ 37	\$ —	\$ —	\$25,291

## 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, 2025

None

## Note 23. Business Combinations

For the year ended March 31, 2025

### *Simplified Share Exchange resulting in a wholly owned subsidiary*

Fuji Electric Co., Ltd. ("Fuji Electric") and Fuji Electric Engineering & Construction Co. Ltd. ("FEEC," and together with Fuji Electric, the "Companies") have resolved at their respective Board of Directors meetings held on October 31, 2024 to conduct a share exchange (the "Share Exchange") by which Fuji Electric becomes the wholly owning parent company of FEEC and FEEC becomes the wholly owned subsidiary of Fuji Electric, and have entered into a share exchange agreement (the "Share Exchange Agreement").

In addition, on February 3, 2025, the effective date of the Share Exchange, Fuji Electric became the wholly owning parent company of FEEC and the shares of FEEC's common stock were delisted from the Standard Market of the Tokyo Stock Exchange, Inc. on January 30, 2025.

### 1. Outline of the Share Exchange

#### (1) The name and description of business of wholly owned subsidiary in the share exchange

##### *The name of wholly owned subsidiary*

Fuji Electric Engineering & Construction Co. Ltd.

##### *Description of business*

Installation of electrical equipment, electrical instrumentation, air conditioning, water supply and drainage and sanitation equipment, information and communication equipment, construction work, and any other business incidental to or related to the foregoing.

#### (2) Purpose of the Share Exchange

This decision was made based on the judgment that the best course of action would be to further strengthen collaboration by leveraging the existing businesses and technologies of our company and Fuji Electric E&C and newly created synergies, and to aim to increase the corporate value of the entire Fuji Electric Group, including Fuji Electric E&C, by strengthening integrated group operations, including the effective use of management resources and optimal allocation of management resources by eliminating overlapping functions.

#### (3) Effective date of the Share Exchange

February 3, 2025

#### (4) Method of the Share Exchange

The Share Exchange made Fuji Electric the wholly owning parent company of FEEC and FEEC the wholly owned subsidiary of Fuji Electric.

Fuji Electric conducted the Share Exchange through a simplified share exchange procedure, which does not require approval by a resolution of the general shareholders' meeting

pursuant to Article 796, Paragraph 2 of the Companies Act, while FEEC conducted the Share Exchange subject to approval of the Share Exchange Agreement by a resolution at an extraordinary general shareholders' meeting held on December 26, 2024. Upon completion of these procedures, the Share Exchange became effective on February 3, 2025.

#### (5) Name After the Share Exchange

Fuji Electric Engineering & Construction Co. Ltd.

### 2. Outline of the accounting treatment

This transaction has been treated as a common control transaction, etc. based on "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

### 3. Matters concerning calculation of acquisition cost, etc.

#### (1) Acquisition cost of the acquired company and its breakdown

Acquisition price: Common stock (treasury stock) ¥38,370 million

Acquisition cost: ¥38,370 million (\$257,516 thousand)

#### (2) Allotment of shares in the Share Exchange

	Fuji Electric (wholly owning parent company)	FEEC (wholly owned subsidiary)
Allotment ratio for the Share Exchange	1	0.93
Number of shares delivered in the Share Exchange	Fuji Electric's common stock: 4,495,801 shares	

Notes: 1. Regarding the 4,158,185 shares of Fuji Electric E&C stock held by the Company, no shares were allocated through this share exchange. All issued shares were allocated from treasury stock held by the Company.  
2. In order to ensure the fairness of the valuation of the share exchange ratio used in the Share Exchange, the Company requested a third-party organization independent of the Company and Fuji Electric E&C to calculate the share exchange ratio.

### 4. Matters concerning changes in parent's equity from transactions with non-controlling interests

#### (1) Main factors for the change in capital surplus

Acquisition for additional shares in consolidated subsidiary

#### (2) The amount of capital surplus decreased by transactions with non-controlling interests

¥16,628 million (\$111,602 thousand)

## 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, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Balance at the beginning of the year	¥ 2,524	¥ 2,523	\$16,939
Adjustment due to passage of time	6	6	41
Decrease due to fulfillment of obligations	(21)	(5)	(137)
Balance at the end of the year	¥ 2,509	¥ 2,524	\$16,843

## Note 25. Amounts Per Share

Information on amounts per share for the years ended March 31, 2025 and 2024 was as follows:

	Yen		U.S. dollars (Note 3)
	2025	2024	2025
Net assets per share	¥4,695.56	¥ 4,218.41	\$31.513
Profit per share	642.69	527.57	4.313

Note: Diluted profit per share in 2025 and 2024 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, 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
<p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>(1) Evaluation of internal controls</p> <p>We evaluated the design and operating effectiveness of the following internal controls relating to estimates of the total cost.</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> <li>• 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</li> <li>• 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</li> </ul> <p>(2) Evaluation of the validity of estimation of the total cost</p>



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

Masahiro Ito  
Designated Engagement Partner  
Certified Public Accountant

Katsuya Tanaka  
Designated Engagement Partner  
Certified Public Accountant

Kazunori Onuki  
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