

Fuji Electric Report Financials
2026

Contents

Consolidated Financial Highlights.....	02
Management's Discussion and Analysis	03
Consolidated Balance Sheets.....	11
Consolidated Statements of Income	13
Consolidated Statements of Comprehensive Income.....	14
Consolidated Statements of Changes in Net Assets	15
Consolidated Statements of Cash Flows	16
Notes to the Consolidated Financial Statements.....	17
Independent Auditor's Report.....	46

Consolidated Financial Highlights

Years ended March 31	Millions of yen				Thousands of U.S. dollars*1	
	2022	2023	2024	2025*7	2026	2026
Operating Results						
Net sales	¥ 910,226	¥ 1,009,447	¥ 1,103,214	¥ 1,123,407	¥ 1,227,595	\$ 7,720,726
Japan	655,821	717,390	770,790	797,923	882,823	5,552,352
Overseas	254,405	292,057	332,424	325,484	344,772	2,168,374
Operating profit	74,835	88,882	106,066	117,646	136,620	859,247
Profit Attributable to Owners of Parent	58,660	61,348	75,353	92,239	98,030	616,543
R&D and Capital Investment						
R&D expenditures	¥ 33,756	¥ 36,216	¥ 36,059	¥ 37,822	¥ 38,907	\$ 244,698
Plant and equipment investment*2	59,320	84,147	68,311	85,185	56,711	356,678
Depreciation and amortization*3	39,969	45,938	51,875	57,341	61,778	388,541
Cash Flows						
Cash flows from operating activities	¥ 76,809	¥ 116,163	¥ 84,858	¥ 144,920	¥ 123,562	\$ 777,120
Cash flows from investing activities	(22,350)	(49,498)	(62,418)	(63,384)	(72,608)	(456,654)
Free cash flow	54,458	66,665	22,439	81,536	50,954	320,466
Cash flows from financing activities	(42,894)	(77,192)	(45,868)	(86,246)	(48,173)	(302,982)
Financial Position						
Total assets	¥1,117,112	¥ 1,181,552	¥ 1,271,174	¥ 1,312,175	¥ 1,406,669	\$ 8,846,977
Total net assets	523,729	572,068	661,472	730,658	842,936	5,301,490
Equity	472,900	517,092	602,516	691,767	800,161	5,032,462
Net interest-bearing debt	117,041	99,107	97,362	42,201	19,210	120,818
Interest-bearing debt	208,391	183,273	162,906	104,876	89,083	560,274
Financial Indicators						
Ratio of operating profit to net sales (%)	8.2	8.8	9.6	10.5	11.1	—
Ratio of overseas sales to net sales (%)	27.9	28.9	30.1	29.0	28.1	—
ROE (Return on equity) (%)	13.2	12.4	13.5	14.3	13.1	—
ROA (Return on assets) (%)	5.4	5.3	6.1	7.1	7.2	—
Equity ratio (%)	42.3	43.8	47.4	52.7	56.9	—
Net debt-equity ratio (times)*4	0.2	0.2	0.2	0.1	0.0	—
Debt-equity ratio (times)*5	0.4	0.4	0.3	0.2	0.1	—
Per Share Data						
	Yen				U.S. dollars*1	
Profit	¥ 410.68	¥ 429.50	¥ 527.57	¥ 642.69	¥ 665.18	\$ 4.183
Net assets	3,310.80	3,620.23	4,218.41	4,695.56	5,428.63	34.142
Cash dividends	100.00	115.00	135.00	160.00	200.00	1.257
Dividend payout ratio (%)	24.30	26.80	25.60	24.90	30.10	—
Others						
Employees	26,757	27,123	27,325	27,391	26,955	—
Japan	17,493	17,392	17,340	17,368	17,347	—
Overseas	9,264	9,731	9,985	10,023	9,608	—
Total shareholder return (%)	135.8	117.5	229.9	147.6	244.9	—
(Comparative indicator: TOPIX including dividends)	(102.0)	(107.9)	(152.5)	(150.2)	(202.2)	—
Highest stock price (Yen)*6	6,500	6,390	10,410	10,640	13,945	—
Lowest stock price (Yen)*6	4,370	4,870	4,965	6,079	4,620	—

*1 The U.S. dollar amounts represent the arithmetic results of translating yen into dollars at ¥159 = U.S. \$1, the approximate exchange rate at March 31, 2026.

*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 The Company applies "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022), etc. from the beginning of the fiscal year ended March 31, 2025. 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 for the fiscal year ended March 31, 2025 and onwards in the "Consolidated Financial Highlights" reflect the application of the accounting standards.

Management's Discussion and Analysis

Overview

Our three-year Medium-Term Management Plan, “To be enthusiastic, ambitious and sensitive 2026,” which concludes in fiscal 2026, sets out “Improvement of corporate value through management emphasizing profit” as its basic policy. Under the plan, we are pursuing Improvement of Profitability, Promotion of Growth Strategies, and Strengthening of Management Foundations as we work to expand our businesses profitably and further strengthen our management structure. To promote our growth strategies, we reorganized our business segments at the beginning of the fiscal year, incorporating the equipment construction business into the Energy segment to strengthen our systems business and the ED&C components business into the Industry segment to create synergies with the FA components business.

During the fiscal year, uncertainty over the global economic outlook persisted amid factors such as the impact of U.S. trade policies, while prices of raw materials including silver and copper surged as investment funds flowed in and supply-demand conditions tightened. At the same time, capital investment remained firm in the electricity, manufacturing, and data center sectors, supported by green transformation (GX) investment toward the realization of a decarbonized society and rising energy demand associated with the growing use of generative AI and digital technologies.

Financial Performance

Net Sales

Net sales in fiscal 2025 increased by 9.3%, to ¥1,227,595 million.

In the Energy, Industry, and Semiconductors segments, net sales increased. However, in the Food and Beverage Distribution segments, net sales decreased. Domestic sales increased by 10.6%, to ¥882,823 million. Overseas sales increased by 5.9%, to ¥344,772 million.

The ratio of overseas sales decreased by 0.9 percentage points, to 28.1%.

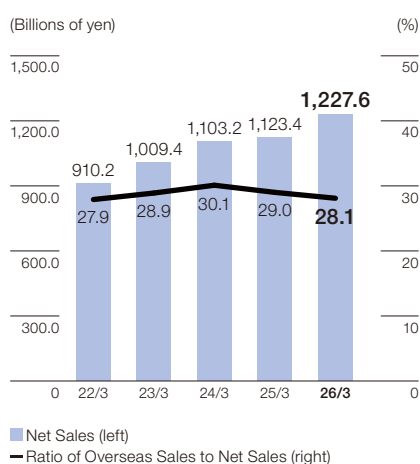
Cost of Sales, Selling, General and Administrative Expenses and Operating Profit

Cost of sales increased by 9.7 percentage points, to ¥883,594 million. The ratio of cost of sales to net sales increased by 0.3 percentage points, to 72.0%.

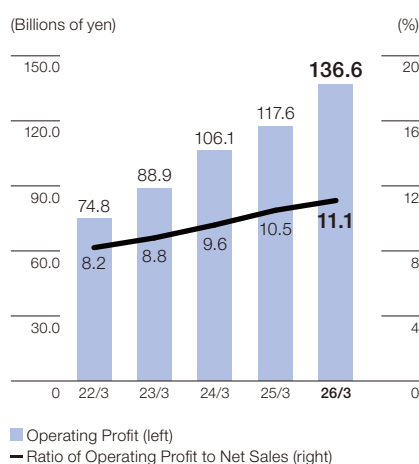
Selling, general and administrative expenses increased by 3.6%, to ¥207,381 million. The ratio of selling, general and administrative expenses to net sales decreased by 0.9 percentage point, to 16.9%.

Operating profit increased by ¥18,974 million, to ¥136,620 million, primarily due to higher demand for plant and system in Energy, while the increase in personnel expenses that accompanied efforts to enhance human capital as well as soaring raw material prices, lower demand for automotive semiconductors, and the rebound from the special demand for currency handling equipment in the Food and Beverage Distribution in the previous fiscal year. The operating margin increased by 0.7 percentage points, to 11.1%.

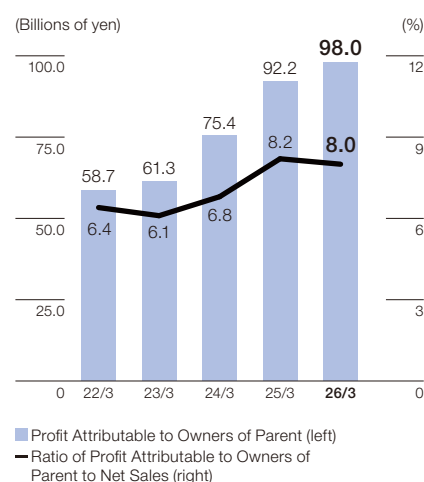
**Net Sales /
Ratio of Overseas Sales to Net Sales**



**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 ¥2,690 million, a ¥1,577 million increase from ¥1,113 million of non-operating income in the previous fiscal year. This increase was primarily due to a ¥1,399 million foreign exchange gains, which ¥1,126 million foreign exchange losses turned into, while depreciation of inactive non-current assets increased. As a result, ordinary profit increased by ¥20,551 million, to ¥139,310 million.

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

Extraordinary income was ¥5,582 million, included gain on sales of noncurrent assets and gain on sales of investment securities. This represented a ¥14,194 million decrease due to a decrease in gain on sales of investment securities.

Extraordinary loss was ¥4,801 million, included loss on disposal of noncurrent assets, loss on devaluation of investment securities, impairment loss, and extra retirement payments. This represented a ¥73 million decrease due to settlement payments in the previous fiscal year, while impairment loss was included in this fiscal year.

Profit

Profit before income taxes increased by ¥6,430 million, to ¥140,091 million. After deducting ¥38,670 million of income taxes (the net of income taxes-current and income taxes-deferred) and ¥3,391 million of profit attributable to non-controlling interests, profit attributable to owners of parent increased by ¥5,791 million, to ¥98,030 million.

Results by Business Segment

Results of operations by reportable segment

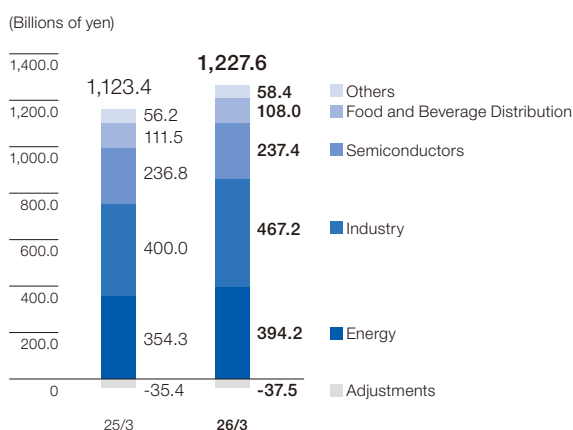
Years ended March 31, 2026 and 2025	Millions of yen					
	2026		2025		Changes	
	Net Sales	Operating profit	Net Sales	Operating profit	Net Sales	Operating profit
Energy	394,167	59,506	354,336	36,263	39,831	23,243
Industry	467,232	44,383	400,032	33,971	67,200	10,412
Semiconductors	237,386	23,520	236,788	37,081	598	(13,561)
Food and Beverage Distribution	107,976	13,132	111,497	13,902	(3,521)	(770)
Others	58,359	3,866	56,150	3,764	2,209	102
Elimination and Corporate	(37,525)	(7,787)	(35,396)	(7,335)	(2,129)	(452)
Total	1,227,595	136,620	1,123,407	117,646	104,188	18,974

Energy

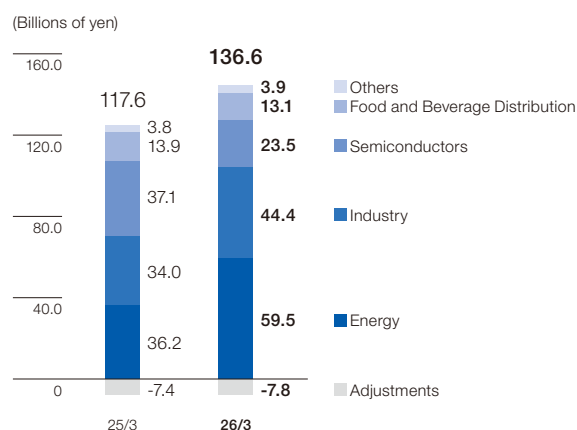
In the Energy segment, net sales and operating profit increased year on year primarily due to higher demand in the energy management business and the power supply and facility systems business.

- In the power generation business, net sales increased year on year due to an increase of large-scale orders for hydropower generation facility projects. Operating results increased due to the combined benefits of the higher net sales, the absence of the rise in expenses associated with thermal power and geothermal power projects recorded in the previous fiscal year, and favorable sales mix.
- In the energy management business, net sales and operating results increased year on year due to higher demand for storage battery system and large-scale orders for substation equipment for power and industrial applications and power supply equipment for industrial applications.

Net Sales by Segment



Operating Profit (Loss) by Segment



- In the power supply and facility systems business, net sales and operating results increased year on year due to higher demand from data centers.
- In the equipment construction business, net sales and operating results increased year on year due to an increase of large-scale orders and favorable sales mix, and strengthening cost reduction.

Orders received in fiscal 2025 (Energy segment of Fuji Electric Co., Ltd., non-consolidated-basis) totaled ¥331.1 billion.

Industry

In the Industry segment, net sales and operating profit increased year on year primarily due to an increase of large-scale orders in the IT solutions business.

- In the factory automation components business, net sales and operating results increased year on year due to higher demand for measuring instruments.
- In the automation systems business, net sales and operating results increased year on year due to higher demand from the steel industry.
- In the social solutions business, net sales and operating results increased year on year due to higher demand for transportation systems.
- In the ED&C components business, net sales increased year on year due to a modest recovery in demand from finished machinery manufacturers. Operating results increased due to higher demand and product selling price revisions, while soaring material prices.
- In the IT solutions business, net sales and operating results increased year on year due to an increase of large-scale orders from academic sector.

Orders received in fiscal 2025 (Industry segment of Fuji Electric Co., Ltd., non-consolidated-basis) totaled ¥185.2 billion.

Semiconductors

- In the Semiconductor business, net sales of industrial semiconductors increased year on year due to higher demand in China and impact from foreign exchange rate fluctuations. Net sales of automotive semiconductors decreased year on year due to lower demand for power semiconductors for electric vehicles (xEV) and the impacts of the selling price revisions in the previous fiscal year. Operating results decreased due to soaring material prices and price competition for industrial semiconductors seen centered on the Chinese market, and lower demand for automotive and the selling price revisions in the previous fiscal year for these semiconductors.

Orders received in fiscal 2025 (Semiconductors segment of Fuji Electric Co., Ltd., non-consolidated-basis) totaled ¥187.7 billion.

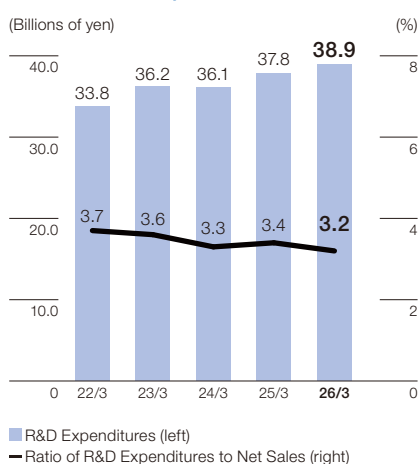
Food and Beverage Distribution

- In the vending machine business, net sales and operating results decreased year on year due to lower demand in domestic market.
- In the store distribution business, net sales increased year on year due to higher demand for store fixtures seen accompanying a rise in convenience store renovations, while the impacts of the rebound from the special demand for currency handling equipment in the previous fiscal year.

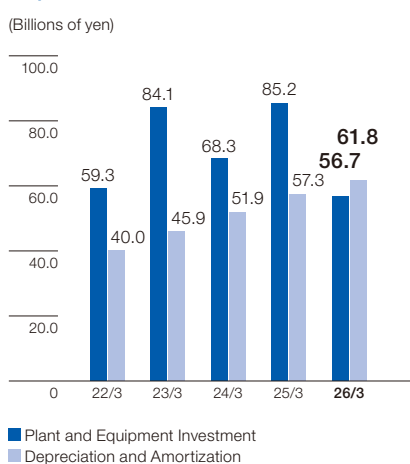
Orders received in fiscal 2025 (Food and Beverage Distribution segment of Fuji Electric Co., Ltd., non-consolidated-basis) totaled ¥103.6 billion.

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

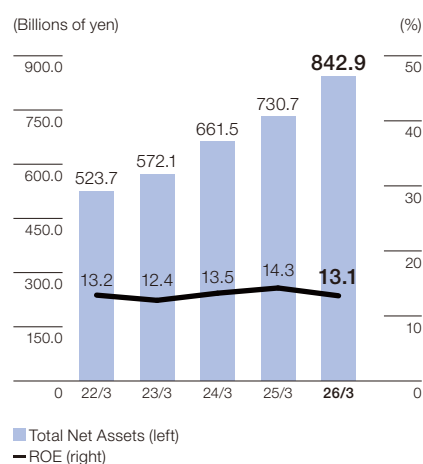
R&D Expenditures / Ratio of R&D Expenditures to Net Sales



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, 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 2025 totaled ¥38,907 million.

As of March 31, 2026, the number of our industrial property rights registered in Japan and overseas was 13,517.

Plant and Equipment Investment

During the fiscal year, capital investment totaled ¥56,712 million on a consolidated basis. This included investments in expanding production capacity for silicon (Si) and silicon carbide (SiC) semiconductors, installing production equipment for new products, and increasing output and streamlining operations at production sites in Japan and overseas. The principal investments were as follows.

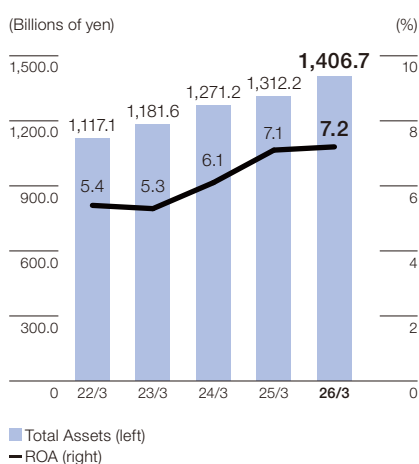
In the Energy segment, demand for substation equipment increased amid growing construction of data centers and

semiconductor plants and the replacement of equipment delivered during Japan’s high-growth period. To respond to this demand, we relocated production equipment from the Chiba Factory to the Kawasaki Factory and made investments in expanding switchgear production capacity. At the Kobe Factory, we began construction to expand the production building and increase production capacity for switchboards and power supply equipment.

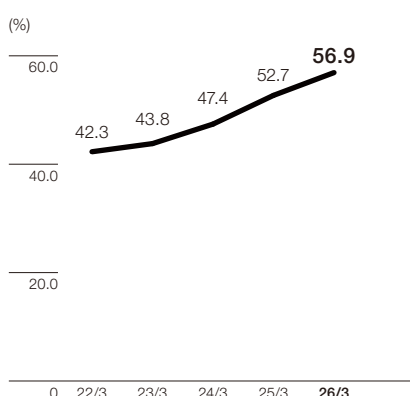
In the Industry segment, we made investments in expanding the capacity of load-testing equipment in response to efficiency regulations for high-voltage motors, following the expansion of the scope of International Electrotechnical Commission (IEC) 60034, the international standard for rotating electrical machines, to motors up to 2,000 kW. We also invested in expanding production of second-generation smart meters capable of measuring electricity consumption and voltage at a high level of granularity, as well as in a smart meter production line as part of our entry into the Indian market. At the Fukiage Factory, we invested in automating the assembly and component machining processes for the new SC-NEXT series of magnetic switches.

In the Semiconductors segment, we invested in expanding production capacity for 6-inch silicon carbide (SiC) wafers in preparation for mass production of SiC chips that enable greater efficiency and more compact power electronics equipment. We are also investing in the development of mass-production technology for 8-inch SiC wafers, with the aim of improving cost competitiveness, among other objectives.

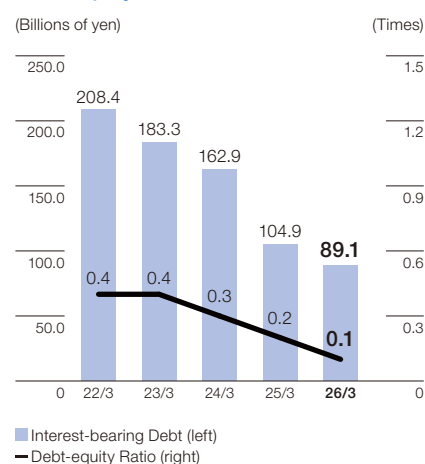
Total Assets / ROA



Equity Ratio



Interest-bearing Debt / Debt-equity Ratio



Financial Position

Total Assets

As of March 31, 2026, total assets was ¥1,406,669 million, an increase of ¥94,494 million.

Current Assets and Current Liabilities

Total current assets was ¥831,844 million, an increase of ¥65,172 million. This increase was primarily due to an increase of ¥23,847 million in accounts receivable - trade, ¥11,810 million in Contract assets, and ¥18,425 million in inventories, respectively.

Total current liabilities was ¥434,047 million, an increase of ¥2,581 million. This increase was primarily due to an increase of ¥11,560 million in contract liabilities, while lease obligations decreased ¥4,133 million.

Noncurrent Assets

Total noncurrent assets was ¥574,825 million, an increase of ¥29,322 million. Net property, plant and equipment was ¥348,865 million, an increase of ¥1,791 million. Total investments and other assets was ¥225,960 million, an increase of ¥27,531 million. This increase was primarily due to an increase of ¥11,672 million in other-investment securities and ¥12,084 million in Net defined benefit assets.

Long-term Liabilities

Total long-term liabilities was ¥129,686 million, a decrease of ¥20,365 million. This decrease was primarily due to a decrease of ¥15,016 million in long-term debt and ¥8,710 million in lease obligations, respectively.

Net Assets

As of March 31, 2026, net assets was ¥842,936 million, an increase of ¥112,278 million. This increase was primarily due to an increase of ¥72,051 million in retained earnings and ¥14,691 million in foreign currency translation adjustments, ¥13,364 million in remeasurements of defined benefit plans, respectively. As a result, the equity ratio was 56.9%, an increase of 4.2 percentage points.

Debt

As of March 31, 2026, interest-bearing debt was ¥89,083 million, a decrease of ¥15,793 million. The ratio of interest-bearing debt to total assets was 6.3%, a decrease of 1.7 percentage-points.

Cash Flow

Consolidated free cash flow (net cash provided by (used in) operating activities + net cash provided by (used in) investing activities) was a positive ¥50,954 million, a ¥30,582 million decrease from the previous fiscal year's positive free cash flow of ¥81,536 million.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥123,562 million, compared with ¥144,920 million in the previous fiscal year. Major factors of the cash increase included the profit before income taxes. Major factors of the cash decrease included an increase in trade receivables and contract assets, inventories. Cash flows from operating activities decreased by ¥21,358 million.

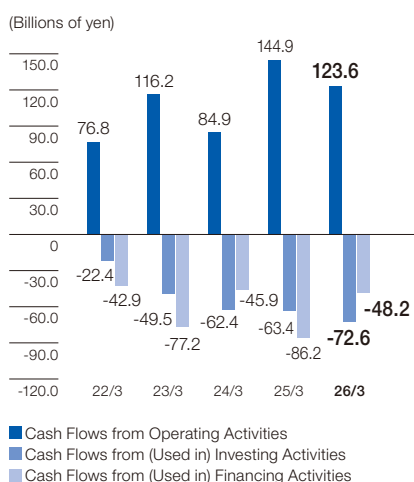
Cash Flows from Investing Activities

Net cash used in investing activities was ¥72,608 million, compared with net cash used by investing activities of ¥63,384 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 ¥9,224 million.

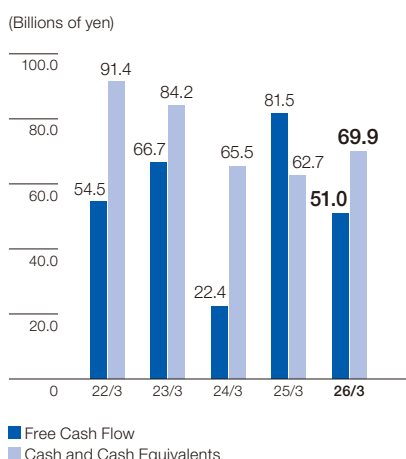
Cash Flows from Financing Activities

Net cash used in financing activities was ¥48,173 million, compared with net cash used in financing activities of ¥86,246 million in the previous fiscal year. This was primarily due to payments of cash dividends paid, repayments of lease obligations. Net cash used in financing activities decreased by ¥38,073 million.

Cash Flows



Free Cash Flow / Cash and Cash Equivalents



Risk Factors

Fuji Electric manages business and other risks in a coordinated, systematic manner and takes appropriate measures to minimize the impact of such risks. The following factors were judged to have a potential future effect on Fuji Electric's business performance and financial position. Any forward-looking statements in the following are based on the judgment of management as of the date of submitting the securities report (June 19, 2026).

(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 rising geopolitical risks and changes in the international order lead to social, economic, or political instability, 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.

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, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Assets			
Current Assets:			
Cash and cash equivalents (Note 7)	¥ 69,873	¥ 62,675	\$ 439,455
Short-term investments (Notes 5, 7 and 8)	1,058	866	6,657
Notes receivable-trade (Notes 2 and 7)	10,181	12,718	64,034
Electronically recorded monetary claims -trade (Notes 2 and 7)	55,642	61,894	349,950
Accounts receivable-trade (Note 7)	273,200	249,353	1,718,241
Contract assets	105,640	93,830	664,408
Inventories (Note 4)	257,075	238,650	1,616,827
Other current assets	68,095	57,087	428,257
Allowance for doubtful accounts	(8,920)	(10,401)	(56,106)
Total Current Assets	831,844	766,672	5,231,723
Property, Plant and Equipment (Notes 5 and 6):			
Buildings and structures	330,034	315,592	2,075,691
Machinery and equipment	365,152	334,398	2,296,556
Land	36,313	36,019	228,385
Lease assets (Note 21)	53,734	75,354	337,955
Construction in progress	59,972	49,093	377,171
Others	7,111	5,590	44,725
	852,316	816,046	5,360,483
Less accumulated depreciation	(503,451)	(468,972)	(3,166,364)
Net Property, Plant and Equipment	348,865	347,074	2,194,119
Investments and Other Assets:			
Investment securities (Notes 5, 7 and 8):			
Unconsolidated subsidiaries and affiliates	20,896	20,549	131,427
Other	99,836	88,164	627,904
Long-term loans receivable	3,681	3,948	23,155
Deferred tax assets (Note 18)	10,634	18,275	66,884
Net defined benefit asset (Notes 2 and 12)	38,136	26,052	239,852
Other investments and other assets (Notes 6 and 21)	56,931	45,068	358,039
Allowance for doubtful accounts	(4,154)	(3,627)	(26,126)
Total Investments and Other Assets	225,960	198,429	1,421,135
Total Assets	¥1,406,669	¥1,312,175	\$8,846,977

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)
	2026	2025	2026
Liabilities and Net Assets			
Current Liabilities:			
Trade payables (Notes 5 and 7)	¥ 190,893	¥ 192,834	\$1,200,586
Short-term debt (Notes 5, 7 and 10)	6,801	10,593	42,778
Current portion of long-term debt (Notes 5, 7 and 10)	15,025	122	94,501
Lease obligations (Notes 7 and 11)	10,159	14,292	63,894
Income taxes payable (Note 18)	30,553	28,121	192,161
Contract liabilities	78,689	67,129	494,902
Provision for product warranties (Note 2)	3,276	3,706	20,606
Other current liabilities (Note 25)	98,651	114,669	620,430
Total Current Liabilities	434,047	431,466	2,729,858
Long-term Liabilities:			
Long-term debt (Notes 5, 7 and 10)	45,057	60,073	283,380
Lease obligations (Notes 7 and 11)	7,502	16,212	47,183
Deferred tax liabilities (Note 18)	1,137	916	7,157
Provision for directors' retirement benefits	126	95	795
Net defined benefit liability (Notes 2 and 12)	60,775	66,797	382,238
Other long-term liabilities (Note 25)	15,089	5,958	94,876
Total Long-term Liabilities	129,686	150,051	815,629
Total Liabilities	563,733	581,517	3,545,487
Contingent Liabilities (Note 20):			
Net Assets (Note 26)			
Shareholders' Equity:			
Capital stock (Note 13):			
Authorized - 320,000,000 shares			
Issued- 149,296,991 shares as of March 31, 2026	47,586	47,586	299,283
149,296,991 shares as of March 31, 2025	—	—	—
Capital surplus	63,784	64,573	401,158
Retained earnings	565,936	493,885	3,559,347
Treasury stock at cost (Note 13):			
1,900,322 shares as of March 31, 2026	(3,700)	—	(23,271)
1,973,223 shares as of March 31, 2025	—	(4,273)	—
Total Shareholders' Equity	673,606	601,771	4,236,517
Accumulated Other Comprehensive Income (Loss):			
Valuation difference on available-for-sale securities	57,031	49,318	358,686
Deferred gains or losses on hedges (Notes 7 and 9)	789	(2)	4,968
Foreign currency translation adjustments	54,738	40,047	344,261
Remeasurements of defined benefit plans	13,997	633	88,031
Total Accumulated Other Comprehensive Income	126,555	89,996	795,946
Non-controlling interests	42,775	38,891	269,027
Total Net Assets	842,936	730,658	5,301,490
Total Liabilities and Net Assets	¥1,406,669	¥1,312,175	\$8,846,977

Consolidated Statements of Income

Years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Net Sales	¥1,227,595	¥1,123,407	\$7,720,726
Cost of Sales (Note 14)	883,594	805,506	5,557,198
Gross Profit	344,001	317,901	2,163,528
Selling, General and Administrative Expenses (Notes 14 and 15)	207,381	200,255	1,304,281
Operating profit	136,620	117,646	859,247
Non-Operating Income (Expenses):			
Interest and dividend income	3,342	3,475	21,019
Interest expense	(3,067)	(3,335)	(19,295)
Subsidy income	—	1,200	—
Depreciation of inactive non-current assets	(1,338)	(101)	(8,417)
Business conversion expenses	—	(190)	—
Share exchange related expenses	—	(727)	—
Foreign exchange gains (losses)	1,399	(1,126)	8,800
Equity in earnings of affiliates	1,528	1,065	9,615
Other, net	826	852	5,195
	2,690	1,113	16,919
Ordinary Profit	139,310	118,759	876,166
Extraordinary Income, Net (Notes 16 and 17)	781	14,902	4,913
Profit Before Income Taxes	140,091	133,661	881,079
Income Taxes (Note 18)	38,670	36,980	243,211
Profit	101,421	96,681	637,868
Profit Attributable To Non-controlling Interests	3,391	4,442	21,325
Profit Attributable To Owners of Parent (Note 26)	¥ 98,030	¥ 92,239	\$ 616,543

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

Consolidated Statements of Comprehensive Income

Years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Profit	¥101,421	¥96,681	\$637,868
Other Comprehensive Income (Loss) (Note 19)			
Valuation difference on available-for-sale securities	7,710	(5,432)	48,495
Deferred gains or losses on hedges	792	32	4,985
Foreign currency translation adjustments	16,239	2,253	102,133
Remeasurements of defined benefit plans	13,409	(832)	84,334
Share of other comprehensive income of associates accounted for using equity method	225	344	1,420
Total Other Comprehensive Income (Loss)	38,377	(3,635)	241,369
Comprehensive Income	¥139,798	¥93,046	\$879,238
Comprehensive Income Attributable to:			
Owners of parent	¥134,589	¥88,998	\$846,476
Non-controlling interests	5,209	4,048	32,761

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, 2026 and 2025

	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, 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		—	0	(65)	—	—	—	—	—	(65)	—	(65)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		—	(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)
Balance at March 31, 2025	149,296	¥47,586	¥64,573	¥493,885	¥49,318	¥ (2)	¥40,047	¥ 633	¥(4,273)	¥691,767	¥38,891	¥730,658
Profit attributable to owners of parent		—	—	98,030	—	—	—	—	—	98,030	—	98,030
Cash dividends		—	—	(25,979)	—	—	—	—	—	(25,979)	—	(25,979)
Purchase of treasury stock		—	—	—	—	—	—	—	(33)	(33)	—	(33)
Sales of treasury stock		—	1	—	—	—	—	—	606	607	—	607
Change by share exchanges		—	—	—	—	—	—	—	—	—	—	—
Change in scope of consolidation		—	—	—	—	—	—	—	—	—	—	—
Changes in parent's equity from transactions with non-controlling interests		—	(790)	—	—	—	—	—	—	(790)	—	(790)
Net changes of items other than shareholders' equity		—	—	—	7,713	791	14,691	13,364	—	36,559	3,884	40,443
Balance at March 31, 2026	149,296	¥47,586	¥63,784	¥565,936	¥57,031	¥789	¥54,738	¥13,997	¥(3,700)	¥800,161	¥42,775	¥842,936
Thousands of U.S. dollars (Note 3)												
Balance at March 31, 2025	149,296	\$299,283	\$406,120	\$3,106,200	\$310,177	\$ (17)	\$251,866	\$ 3,985	\$(26,878)	\$4,350,736	\$244,601	\$4,595,337
Profit attributable to owners of parent	—	—	—	616,543	—	—	—	—	—	616,543	—	616,543
Cash dividends	—	—	—	(163,396)	—	—	—	—	—	(163,396)	—	(163,396)
Purchase of treasury stock	—	—	—	—	—	—	—	—	(211)	(211)	—	(211)
Sales of treasury stock	—	—	7	—	—	—	—	—	3,818	3,825	—	3,825
Change by share exchanges	—	—	—	—	—	—	—	—	—	—	—	—
Change in scope of consolidation	—	—	—	—	—	—	—	—	—	—	—	—
Changes in parent's equity from transactions with non-controlling interests	—	—	(4,969)	—	—	—	—	—	—	(4,969)	—	(4,969)
Net changes of items other than shareholders' equity	—	—	—	—	48,509	4,985	92,395	84,046	—	229,935	24,426	254,361
Balance at March 31, 2026	149,296	\$299,283	\$401,158	\$3,559,347	\$358,686	\$4,968	\$344,261	\$88,031	\$(23,271)	\$5,032,463	\$269,027	\$5,301,490

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

Consolidated Statements of Cash Flows

Years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Cash Flows from Operating Activities:			
Profit before income taxes	¥140,091	¥133,661	\$ 881,079
Depreciation and amortization	61,778	57,341	388,541
Increase (Decrease) in allowance for doubtful accounts	(1,714)	1,277	(10,780)
Increase (Decrease) in provision for product warranties	(430)	986	(2,710)
Interest and dividend income	(3,342)	(3,475)	(21,019)
Interest expense	3,067	3,335	19,295
Foreign exchange gains	(56)	(162)	(352)
Gain on sale of noncurrent assets	(1,456)	(132)	(9,159)
Gain on sale of investment securities	(4,127)	(16,644)	(25,960)
Loss on disposal of noncurrent assets	1,347	987	8,474
Loss on devaluation of investment securities	51	107	325
Impairment losses	2,947	—	18,536
Settlement payments	—	3,780	—
Settlement received	—	(3,000)	—
Extra retirement payments	456	—	2,870
Changes in operating assets and liabilities:			
Trade receivables and contract assets	(21,181)	11,770	(133,216)
Inventories	(11,583)	(11,670)	(72,849)
Trade payables	(3,581)	(14,999)	(22,527)
Contract liabilities	10,836	12,104	68,152
Other, net	(10,575)	128	(66,505)
Cash generated from operations	162,528	175,394	1,022,195
Interest and dividends received	3,327	3,474	20,929
Interest expenses paid	(3,063)	(3,286)	(19,269)
Income taxes paid	(38,774)	(33,662)	(243,865)
Settlement received	—	3,000	—
Extra retirement payments	(456)	—	(2,870)
Net cash provided by operating activities	123,562	144,920	777,120
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment	(70,534)	(76,748)	(443,614)
Proceeds from sale of property, plant and equipment	1,694	267	10,656
Purchase of intangible assets	(13,492)	(10,006)	(84,860)
Purchase of investment securities	(99)	(277)	(626)
Proceeds from sale of investment securities	4,325	18,492	27,203
Payments of loans receivable	(22,447)	(10,499)	(141,177)
Collection of loans receivable	22,987	10,681	144,574
Other, net	4,960	4,706	31,190
Net cash used in investing activities	(72,608)	(63,384)	(456,654)
Cash Flows from Financing Activities:			
Net Decrease in short-term loans payable	(4,527)	(37,247)	(28,477)
Proceeds from long-term loans payable	—	15,113	—
Repayment of long-term loans payable	(125)	(28,517)	(790)
Proceeds from issuance of bonds	—	10,000	—
Repayments of lease obligations	(15,405)	(20,675)	(96,887)
Proceeds from sale of treasury stock	1	2,407	8
Purchase of treasury stock	(33)	(2,340)	(211)
Purchase of treasury shares of subsidiaries	(13)	(20)	(87)
Cash dividends paid	(25,980)	(21,424)	(163,396)
Cash dividends paid to non-controlling interests	(1,301)	(3,542)	(8,188)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(787)	—	(4,952)
Other, net	3	(1)	1
Net cash used in financing activities	(48,173)	(86,246)	(302,981)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	4,406	637	27,712
Net Increase (Decrease) in Cash and Cash Equivalents	7,187	(4,073)	45,197
Cash and Cash Equivalents at Beginning of Year	62,675	65,543	394,186
Increase in Cash and Cash Equivalents Resulting from Change in Scope of Consolidation	—	1,205	—
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	11	—	72
Cash and Cash Equivalents at End of Year	¥ 69,873	¥ 62,675	\$ 439,455

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, 2026 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 2025).

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, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Sales	¥135,933	¥123,472	\$854,928
Ending balance of contract assets (construction contract receivable for the previous fiscal year)	82,699	74,744	520,124

Note: The above amounts represent unfinished, undelivered, or incomplete contracts of job-order production goods, construction 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, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Net defined benefit asset	¥38,136	¥26,052	\$239,852
Net defined benefit liability	60,775	66,797	382,238
Remeasurements of defined benefit plans	13,997	633	88,031

(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. 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, 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.

- “Accounting Standard for Subsequent Events” (ASBJ Statement No. 41, January 9, 2026)
- “Implementation Guidance on Accounting Standard for Subsequent Events” (ASBJ Guidance No. 35, January 9, 2026)

(1) Overview

The “Accounting Standard for Subsequent Events,” etc. establishes a comprehensive accounting standard addressing the definition, accounting treatment and disclosure of subsequent events as a priority matter. As a basic policy, it transfers to the Accounting Standards Board of Japan the accounting-related matters set forth in Practical Guideline No. 1, “Audit Procedures for Subsequent Events,” under Auditing Standards Report No. 560 of the Japanese Institute of Certified Public Accountants (JICPA), Auditing and Assurance Practice Committee, with such matters being, in principle, carried over. In addition, the standard revises wording, reorganizes the evaluation period for subsequent events, and newly requires a note regarding the approval of the publication of the financial statements, thereby prescribing the accounting treatment and disclosure of subsequent events.

(2) Scheduled date of adoption

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

t. Changes in presentation (Consolidated Balance Sheets)

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

As a result of this change, ¥74,613 million (\$ 469,268 thousand), which was disclosed “Notes receivable - trade” under “Current assets,” has been reclassified to ¥12,718 million (\$79,993 thousand) of “Notes receivable - trade” and ¥61,894 million (\$389,274 thousand) of “Electronically recorded monetary claims -trade” in the Year ended March 31, 2025.

u. 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).

The book value and the number of these treasury shares as of March 31, 2026 and 2025 were ¥1,712 million (\$10,771 thousand) with a total of 214 thousands of shares and ¥2,319 million (\$15,567 thousand) with a total of 291 thousands of shares, respectively.

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

¥159=U.S.\$1, the approximate exchange rate as of March 31, 2026. The U.S. dollar amounts are presented solely for the convenience of the readers outside Japan.

Note 4. Inventories

Inventories as of March 31, 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Merchandise and finished goods	¥ 98,282	¥ 84,472	\$ 618,131
Work in process	59,797	55,156	376,087
Raw materials	98,996	99,022	622,609
Inventories	¥257,075	¥238,650	\$1,616,827

Losses on valuation of inventories with lower profitability were ¥(439) million (\$ (2,761) thousand) and ¥120 million for the years ended March 31, 2026 and 2025, 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, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Property, plant and equipment	¥ 330	¥ 359	\$2,079
Total	¥ 330	¥ 359	\$2,079

Collateralized liabilities as of March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Short-term debt	¥ 115	¥ 398	\$ 726
Total	¥ 115	¥ 398	\$ 726

Note 6. Reduction Entry

(1) Accumulated reduction entry deducted from the acquisition cost of net property, plant and equipment and other assets due to the receipt of government subsidies and other grants.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Buildings and structures	¥2,555	¥2,150	\$16,071
Machinery and equipment	6,371	2,345	40,064
Land	905	905	5,695
Other investments and other assets	100	100	634
Total	¥9,931	¥5,500	\$62,464

(2) The amount of reduction entry deducted from the acquisition cost of property, plant and equipment due to the receipt of government subsidies.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Buildings and structures	¥ 415	¥ —	\$ 2,613
Machinery and equipment	4,027	17	25,329
Total	¥4,442	¥ 17	\$27,942

Note 7. 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 12 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 the 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 arises 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 may fluctuate depending on different assumptions adopted. In addition, the contract (notional) amount of derivatives in "Note 9. 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, 2026 and 2025, estimated fair value and the variance between them are shown in the following table.

	Millions of yen		
	2026		
	Carrying amounts	Fair value	Variance
Accounts receivable-trade	¥273,200		
Allowance for doubtful accounts	(4,096)		
	269,104	268,923	(181)
Investment securities	105,550	126,342	20,791
Bonds	(30,000)	(29,327)	(673)
Long-term debt	(15,057)	(14,831)	(225)
Lease obligations	(17,661)	(17,430)	(230)
Derivatives			
Derivative transactions to which hedge accounting is not applied	(91)	(91)	—
Derivative transactions to which hedge accounting is applied	1,153	1,153	—

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

	Millions of yen	
	2026	
	Carrying amounts	
Unlisted stocks (including stocks of unconsolidated subsidiaries and affiliates)	¥14,971	
Investment in Limited Partnership	211	

	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	

	Thousands of U.S. dollars (Note 3)		
	2026		
	Carrying amounts	Fair value	Variance
Accounts receivable-trade	\$1,718,241		
Allowance for doubtful accounts	(25,759)		
	1,692,482	1,691,341	(1,141)
Investment securities	663,841	794,605	130,764
Bonds	(188,679)	(184,446)	(4,232)
Long-term debt	(94,701)	(93,282)	(1,418)
Lease obligations	(111,077)	(109,627)	(1,450)
Derivatives			
Derivative transactions to which hedge accounting is not applied	(575)	(575)	—
Derivative transactions to which hedge accounting is applied	7,255	7,255	—

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

	Thousands of U.S. dollars (Note 3)	
	2026	
	Carrying amounts	
Unlisted stocks (including stocks of unconsolidated subsidiaries and affiliates)	\$94,159	
Investment in Limited Partnership	1,330	

(*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, Electronically recorded monetary claims -trade, Trade payables, and Short-term debt 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, 2026 and 2025:

Millions of yen				
2026				
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	¥ 69,873	¥ —	¥ —	¥ —
Notes receivable-trade	10,181	—	—	—
Electronically recorded monetary claims -trade	55,642	—	—	—
Accounts receivable-trade	266,441	2,372	291	—
Total	¥ 402,137	¥ 2,372	¥ 291	¥ —

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	12,718	—	—	—
Electronically recorded monetary claims - trade	61,894	—	—	—
Accounts receivable-trade	242,022	1,805	305	—
Total	¥ 379,309	¥ 1,805	¥ 305	¥ —

Thousands of U.S. dollars (Note 3)				
2026				
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	\$ 439,455	\$ —	\$ —	\$ —
Notes receivable-trade	64,034	—	—	—
Electronically recorded monetary claims -trade	349,950	—	—	—
Accounts receivable-trade	1,675,728	14,919	1,836	—
Total	\$ 2,529,167	\$ 14,919	\$ 1,836	\$ —

Note 2: Repayment schedule for long-term debt and lease obligations:

Please refer to "Note 10. Short-term Debt and Long-term Debt" and "Note 11. 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				
2026				
Fair value				
Class of financial instrument	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Equity securities	¥95,402	¥ —	¥ —	¥95,402
Total financial assets at fair value	¥95,402	¥ —	¥ —	¥95,402
Derivatives				
Currency derivatives	¥ —	¥1,062	¥ —	¥ 1,062
Total derivatives at fair value	¥ —	¥1,062	¥ —	¥ 1,062

Millions of yen				
2025				
Fair value				
Class of financial instrument	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)

Thousands of U.S. dollars (Note 3)				
2026				
Fair value				
Class of financial instrument	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Equity securities	\$640,283	\$ —	\$ —	\$640,283
Total financial assets at fair value	\$640,283	\$ —	\$ —	\$640,283
Derivatives				
Currency derivatives	\$ —	\$7,128	\$ —	\$ 7,128
Total derivatives at fair value	\$ —	\$7,128	\$ —	\$ 7,128

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				
2026				
Fair value				
Class of financial instrument	Level 1	Level 2	Level 3	Total
Accounts receivable-trade	¥ —	¥268,923	¥ —	¥268,923
Investment securities				
Unconsolidated subsidiaries and affiliates				
Shares of Affiliates	30,940	—	—	30,940
Total financial assets at fair value	¥30,940	¥268,923	¥ —	¥299,863
Bonds	¥ —	¥ 29,328	¥ —	¥ 29,328
Long-term debt	—	14,831	—	14,831
Lease obligations	—	17,430	—	17,430
Total financial liabilities at fair value	¥ —	¥ 61,589	¥ —	¥ 61,589

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

Thousands of U.S. dollars (Note 3)				
2026				
Fair value				
Class of financial instrument	Level 1	Level 2	Level 3	Total
Accounts receivable-trade	\$ —	\$1,691,341	\$ —	\$1,691,341
Investment securities				
Unconsolidated subsidiaries and affiliates				
Shares of Affiliates	194,591	—	—	194,591
Total financial assets at fair value	\$194,591	\$1,691,341	\$ —	\$1,885,932
Bonds	\$ —	\$ 184,447	\$ —	\$ 184,447
Long-term debt	—	93,282	—	93,282
Lease obligations	—	109,627	—	109,627
Total financial liabilities at fair value	\$ —	\$ 387,356	\$ —	\$ 387,356

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 bonds 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 8. Securities

1. Other securities as of March 31, 2026 and 2025 were as follows:

	Millions of yen			
	2026			
	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	¥12,564	¥95,402	¥83,004	¥(166)
Debt securities	—	—	—	—
Others	—	—	—	—
Total	¥12,564	¥95,402	¥83,004	¥(166)

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, 2026 was ¥4,434 million.)

	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.)

	Thousands of U.S. dollars (Note 3)			
	2026			
	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	\$79,022	\$600,014	\$522,042	\$ (1,050)
Debt securities	—	—	—	—
Others	—	—	—	—
Total	\$79,022	\$600,014	\$522,042	\$ (1,050)

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, 2026 was \$27,890 thousand.)

2. Sales of other securities for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Proceeds from sales	¥ 4,501	¥18,489	\$ 28,313
Gain on sales	4,126	16,644	25,959
Loss on sales	—	0	—

3. Impairment of other securities for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Impairment losses	¥ 51	¥ 107	\$ 325

Note 9. Derivatives

1. Derivative transactions to which hedge accounting is not applied

Millions of yen				
2026				
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. dollar	¥16,194	¥ —	¥ (115)	¥ (115)
Euro	2,828	—	0	0
Won	284	—	7	7
Baht	46	—	(7)	(7)
Payables:				
U.S. dollar	12	—	1	1
Yuan Renminbi	4,421	—	222	222
Yen	4,058	—	(268)	(268)
Singapore Dollar	205	—	27	27
Baht	611	—	42	42
Total	¥28,659	¥ —	¥ (91)	¥ (91)

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)

Thousands of U.S. dollars (Note 3)				
2026				
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. dollar	\$101,854	\$ —	\$ (722)	\$ (722)
Euro	17,792	—	6	6
Won	1,786	—	45	45
Baht	291	—	(47)	(47)
Payables:				
U.S. dollar	75	—	11	11
Yuan Renminbi	27,792	—	1,382	1,382
Yen	25,523	—	(1,686)	(1,686)
Singapore Dollar	1,292	—	172	172
Baht	3,846	—	264	264
Total	\$180,251	\$ —	\$ (575)	\$ (575)

2. Derivative transactions to which hedge accounting is applied

Currency-related contracts

			Millions of yen		
			2026		
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		¥11,522	¥ 2,219	¥(1,003)
	Euro		2,383	—	0
	Baht		800	12	(123)
	Payables:	Accounts payable-trade			
	U.S. Dollar		6,215	3,922	573
	Euro		9,580	5,881	1,420
	Yuan Renminbi		6	—	(0)
	Singapore Dollar		2,844	—	295
	Baht		2,328	189	(9)
Allocation method	Foreign currency forward contracts:				
	Receivables:	Accounts receivable-trade			
	U.S. Dollar		¥ 2,319	¥ 209	
	Baht		602	—	
	Yuan Renminbi		177	—	
	Payables:	Accounts payable-trade			
	U.S. Dollar		17	—	
	Euro		67	—	
	Singapore Dollar		100	—	
Total			¥38,960	¥12,432	¥ 1,153

			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)
	Singapore Dollar		4,022	—	(42)
	Baht		1,026	—	26
Allocation method	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)

			Thousands of U.S. dollars (Note 3)		
			2026		
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		\$ 72,437	\$13,959	\$(6,308)
	Euro		14,992	—	4
	Baht		5,036	77	(775)
	Payables:	Accounts payable-trade			
	U.S. Dollar		39,088	24,670	3,609
	Euro		60,257	36,980	8,928
	Yuan Renminbi		39	—	(0)
Allocation method	Singapore Dollar		17,887	—	1,856
	Baht		14,643	1,189	(59)
	Foreign currency forward contracts:				
	Receivables:	Accounts receivable-trade			
	U.S. Dollar		\$ 14,591	\$ 1,316	
	Baht		3,787	—	
	Yuan Renminbi		1,118	—	
	Payables:	Accounts payable-trade			
	U.S. Dollar		107	—	
	Euro		422	—	
	Singapore Dollar		633	—	
	Total		\$245,037	\$78,191	\$ 7,255

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 10. Short-term Debt and Long-term Debt

Short-term debt as of March 31, 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Loans, principally from banks	¥6,801	¥10,593	\$42,778
Commercial paper	—	—	—
Short-term debt	¥6,801	¥10,593	\$42,778

Note: The weighted average interest rates on short-term debt as of March 31, 2026 and 2025 were 3.24% and 4.69%, respectively.

Long-term debt as of March 31, 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Loans, principally from banks and insurance companies	¥30,082	¥30,195	\$189,202
Bonds issued by the Company:			
0.40% Yen unsecured straight bonds due May 21, 2027	10,000	10,000	62,893
0.40% Yen unsecured straight bonds due May 25, 2028	10,000	10,000	62,893
0.89% Yen unsecured straight bonds due June 6, 2029	10,000	10,000	62,893
	60,082	60,195	377,881
Less: Portion due within one year	15,025	122	94,501
Long-term debt	¥45,057	¥60,073	\$283,380

Note: The weighted average interest rates on loans, principally from banks and insurance companies, as of March 31, 2026 and 2025 were 0.66% and 0.66%, respectively.

As of March 31, 2026, 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)
2028	¥17,525	\$110,224
2029	17,525	110,224
2030	10,007	62,932
2031	—	—
2032 thereafter	—	—
Total	¥45,057	\$283,380

Note 11. Lease Obligations

Lease obligations as of March 31, 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Short-term	¥10,159	¥14,292	\$ 63,894
Long-term	7,502	16,212	47,183
Total	¥17,661	¥30,504	\$111,077

Note: The weighted average interest rates on lease obligations as of March 31, 2026 and 2025 were 1.24% and 1.11%, respectively.

As of March 31, 2026, the aggregate annual maturities of lease obligations were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 3)
2028	¥4,807	\$ 30,236
2029	1,236	7,779
2030	959	6,036
2031	422	2,654
2032 thereafter	78	478
Total	¥7,502	\$ 47,183

Note 12. 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, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Retirement benefit obligation at the beginning of the year	¥152,907	¥158,900	\$ 961,683
Service cost	2,838	2,884	17,850
Interest cost	2,172	2,176	13,664
Actuarial loss	(16,722)	(55)	(105,174)
Retirement benefits paid	(11,006)	(11,073)	(69,224)
Prior service cost	23	95	146
Others	0	(20)	0
Retirement benefit obligation at the end of the year	¥130,212	¥152,907	\$ 818,945

(2) The changes in plan assets at fair value except for plans accounted for by a simplified method during the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Plan assets at fair value at the beginning of the year	¥114,723	¥123,076	\$721,529
Expected return on plan assets	1,422	1,475	8,946
Actuarial gain	3,720	(404)	23,398
Contributions by the Companies	501	662	3,152
Retirement benefits paid	(10,186)	(10,078)	(64,064)
Others	0	(8)	0
Plan assets at fair value at the end of the year	¥110,180	¥114,723	\$692,961

(3) The changes in defined benefit liability and asset calculated by a simplified method during the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Defined benefit liability at the beginning of the year	¥2,695	¥2,695	\$16,953
Defined benefit asset at the beginning of the year	(135)	(117)	(851)
Retirement benefit expenses	143	187	899
Retirement benefits paid	(159)	(210)	(1,004)
Contributions	(8)	(17)	(50)
Others	72	22	455
Defined benefit liability at the end of the year	¥2,890	¥2,695	\$18,176
Defined benefit asset at the end of the year	¥ (282)	¥ (135)	\$ (1,774)

(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)
	2026	2025	2026
Funded retirement benefit obligation	¥125,087	¥147,295	\$ 786,716
Plan assets at fair value	(111,856)	(116,352)	(703,498)
	13,231	30,943	83,218
Unfunded retirement benefit obligation	9,408	9,802	59,168
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ 22,639	¥ 40,745	\$ 142,386
Net defined benefit liability	60,775	66,797	382,238
Net defined benefit asset	(38,136)	(26,052)	(239,852)
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ 22,639	¥ 40,745	\$ 142,386

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

(5) The components of retirement benefit expenses for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Service cost	¥2,838	¥2,884	\$ 17,850
Interest cost	2,172	2,176	13,664
Expected return on plan assets	(1,422)	(1,475)	(8,946)
Amortization of actuarial loss	(89)	(76)	(562)
Amortization of prior service cost	(737)	(714)	(4,635)
Retirement benefit expenses calculated by simplified method	143	187	899
Others	72	98	453
Retirement benefit expenses	¥2,977	¥3,080	\$ 18,723

(6) The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effect) for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Prior service cost	¥ 760	¥ 809	\$ 4,782
Actuarial gain and loss	(20,357)	415	(128,039)
Total	¥(19,597)	¥ 1,224	\$ (123,257)

(7) The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Unrecognized prior service cost	¥ (149)	¥ (909)	\$ (940)
Unrecognized actuarial gain and loss	(20,187)	171	(126,963)
Total	¥(20,336)	¥ (738)	\$ (127,903)

(8) The breakdown of plan assets by major category as of March 31, 2026 and 2025 were as follows:

	2026	2025
Debt securities	18%	18%
Deposit	15	17
Equity securities	17	15
General accounts at life insurance companies	49	39
Others	1	11
Total	100%	100%

Note: Retirement benefit trust established for the corporate pension plans is included and equivalent to 9% of total amount of plan assets as of March 31, 2026 and 8% of total amount of plan assets as of March 31, 2025.

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, 2026 and 2025 were as follows:

	2026	2025
Discount rates	0.30% - 3.46%	0.27% - 2.39%
Long-term expected rates of return on plan assets	mainly 1.5%	mainly 1.5%
Expected rates of salary increase	0.0% - 6.27%	0.0% - 5.1%

Note: The discount rates applied in the calculation at the beginning of the current fiscal year ranged from 0.27% to 2.39%. However, as a result of reassessing the discount rates at the end of the fiscal year, the Company has changed the discount rates to a range of 0.30% to 3.46%, as it was determined that the change would have a material impact on the amount of defined benefit obligations.

3. Information on defined contribution pension plans

Contributions of defined contribution pension plans for the years ended March 31, 2026 and 2025 were ¥4,404 million (\$27,698 thousand) and ¥4,548 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, 2026 and 2025 were ¥13 million (\$87 thousand) and ¥14 million, respectively.

Note 13. 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, 2026 and 2025 were as follows:

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

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

(2) The decrease of 76 thousand shares in treasury stock of common stock was due to the delivery of 76 thousand shares to performance-related share-based remuneration plan (Stock Beneficiaries' Trust) for directors and 0 thousand from the sale of fractional shares.

(3) The number of treasury stocks at the end of period includes 214 thousand shares held by the Stock Beneficiaries' Trust.

	Thousands of shares			March 31, 2025
	March 31, 2024	Increase in the year	Decrease in the year	
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

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

(2) The decrease of 4,786 thousand shares in treasury stock of common stock was due to the disposal of 4,495 thousand shares through Share Exchange, the decrease of 291 thousand shares by disposal to performance-related share-based remuneration plan (Stock Beneficiaries' Trust) for directors and 0 thousand from the sale of fractional shares.

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

2. Dividends

(1) Dividends paid

For the year ended March 31, 2026

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, 2025	Common stock	¥12,547	\$78,913	¥85.0	\$0.534	March 31, 2025	June 5, 2025
Meeting of the Board of Directors on October 30, 2025	Common stock	13,432	84,483	91.0	\$0.572	September 30, 2025	December 3, 2025

For the year ended March 31, 2025

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

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

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 25, 2026	Common stock	¥16,089	\$101,192	Retained Earnings	¥109.0	\$0.685	March 31, 2026	June 9, 2026

Note: The total amount of dividends resolved at the Meeting of the Board of Directors on May 25, 2026 includes 23 million yen in dividends on the Company's shares held by the Stock Beneficiaries' Trust.

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

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

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

Note 14. Research and Development Costs

Research and development costs recognized as expenses for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Research and development costs	¥38,907	¥37,822	\$244,698

Note 15. Selling, General and Administrative Expenses

Major components of selling, general and administrative expenses for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Salaries and wages	¥101,942	¥96,117	\$641,145
Retirement benefit expenses	3,710	3,700	23,333
Research and development costs	33,190	32,318	208,742

Note 16. Extraordinary Income, Net

Extraordinary income, net, for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Extraordinary income			
Gain on sale of noncurrent assets	¥1,456	¥132	\$9,159
Gain on sale of investment securities	4,126	16,644	25,959
Settlement income	—	3,000	—
Extraordinary loss			
Loss on disposal of noncurrent assets	(1,347)	(987)	(8,474)
Loss on devaluation of investment securities	(51)	(107)	(325)
Impairment loss	(2,947)	—	(18,536)
Settlement payments	—	(3,780)	—
Special retirement expenses	(456)	—	(2,870)
Extraordinary income (loss), net	¥781	¥14,902	\$4,913

Note 17. Impairment loss

For the year ended March 31, 2026

The Companies recognized impairment losses on the following asset groups:

Use	Location	Type	Millions of yen	Thousands of U.S. dollars (Note 3)
Business assets – Manufacturing facilities	Namerikawa City, Toyama, Japan	Machinery and equipment, etc.	¥2,070	\$13,021
Assets planned for disposal	Namerikawa City, Toyama, Japan	Leased assets, etc.	441	2,774
Assets planned for disposal	Malaysia	Machinery and equipment, etc.	435	2,740

The Companies determine its asset groups primarily by taking into account the classifications used for management accounting purposes.

Regarding the business assets for manufacturing facilities, the Group revised its future business plans in light of the current business environment of a consolidated subsidiary in the electrical equipment business. As a result, the carrying amount of the relevant asset group was reduced to its recoverable amount, and the amount of this reduction was recognized as an impairment loss of ¥2,070 million (\$13,021 thousand) under extraordinary losses. The breakdown of this loss consists of ¥2,006 million (\$12,619 thousand) for machinery, equipment and vehicles, and ¥63 million (\$402 thousand) for others. The recoverable amount was measured based on value in use; however, because no future cash flows are expected from these assets, the recoverable

amount was evaluated as zero.

Regarding the assets planned for disposal, as there is no prospect for future use, the carrying amounts of the respective asset groups were reduced to their recoverable amounts, and the aggregate amount of these reductions was recognized as an impairment loss of ¥876 million (\$5,515 thousand) under extraordinary losses.

The breakdown of this loss consists of ¥435 million (\$2,741 thousand) for leased assets, ¥340 million (\$2,141 thousand) for machinery and equipment, and ¥100 million (\$633 thousand) for others. The recoverable amounts of the assets planned for disposal were measured based on fair value less costs of disposal, and for assets that are difficult to sell or repurpose, the fair value less costs of disposal was evaluated as zero.

For the year ended March 31, 2025

None

Note 18. Income Taxes

1. The components of income taxes for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Current	¥40,801	¥41,750	\$256,616
Deferred	(2,131)	(4,770)	(13,405)
Income taxes	¥38,670	¥36,980	\$243,211

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, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Deferred tax assets			
Net defined benefit liability	¥11,661	¥18,556	\$73,344
Inventories	10,038	9,553	63,132
Accrued employees' bonuses	9,498	8,810	59,738
Investment securities	7,244	7,006	45,563
Tangible fixed assets	3,170	2,034	19,941
Other	18,922	16,838	118,993
Gross deferred tax assets	60,533	62,797	380,711
Less: Valuation allowance	(13,168)	(12,813)	(82,819)
Total deferred tax assets	47,365	49,984	297,892
Deferred tax liabilities			
Unrealized gain on other securities	(26,557)	(22,983)	(167,025)
Investment securities	(736)	(783)	(4,634)
Other	(10,575)	(8,859)	(66,506)
Gross deferred tax liabilities	(37,868)	(32,625)	(238,165)
Net deferred tax assets (liabilities)	¥9,497	¥17,359	\$59,727

3. The reconciliation between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2026 and 2025 were as follows:

	2026	2025
Statutory income tax rate	30.6%	30.6%
Tax credits	(3.2)	(3.4)
Tax rate difference of overseas consolidated subsidiaries	(2.1)	(2.1)
Permanent difference resulting from non-taxable income, including dividends received	(0.4)	(0.4)
Foreign tax credit	0.2	1.4
Valuation allowance	0.3	0.1
Permanent difference resulting from expenses not deductible for income tax purposes	1.1	1.1
Other	1.1	0.4
Effective income tax rate	27.6%	27.7%

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

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

Note 19. 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)
	2026	2025	2026
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥15,389	¥ 9,501	\$ 96,790
Reclassification adjustments	(4,127)	(16,418)	(25,956)
Income Taxes and Before tax effect	11,262	(6,917)	70,833
Income Taxes and Tax effect	(3,551)	1,485	(22,338)
Valuation difference on available-for-sale securities	7,710	(5,432)	48,495
Deferred gains or losses on hedges:			
Amount arising during the year	1,157	46	7,280
Income Taxes and Before tax effect	1,157	46	7,280
Income Taxes and Tax effect	(364)	(14)	(2,294)
Deferred gains or losses on hedges	792	32	4,985
Foreign currency translation adjustments:			
Amount arising during the year	16,260	2,253	102,267
Income Taxes and Before tax effect	16,260	2,253	102,267
Income Taxes and Tax effect	(21)	—	(133)
Foreign currency translation adjustments	16,239	2,253	102,133
Remeasurements of defined benefit plans:			
Amount arising during the year	20,421	(295)	128,438
Reclassification adjustments	(823)	(928)	(5,181)
Income Taxes and Before tax effect	19,597	(1,223)	123,257
Income Taxes and Tax effect	(6,188)	391	(38,922)
Remeasurements of defined benefit plans	13,409	(832)	84,334
Share of other comprehensive income of associates accounted for using equity method:			
Amount arising during the year	232	310	1,459
Reclassification adjustments	(6)	34	(39)
Share of other comprehensive income of associates accounted for using equity method	225	344	1,420
Total other comprehensive income	¥38,377	¥ (3,635)	\$241,369

Note 20. Contingent Liabilities

Contingent liabilities as of March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Guarantees	¥1,143	¥ 1,354	\$7,188

Note 21. 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, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Due within one year	¥2,545	¥2,461	\$16,012
Due after one year	3,930	1,281	24,711
Total	¥6,475	¥3,742	\$40,723

Note 22. Revenue Recognition

1. Disaggregation of revenue

Disaggregation of revenue by geographical region for the year ended March 31, 2026 and 2025 were as follows:

Year ended March 31, 2026	Millions of yen							Total
	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Subtotal	Adjustments	
Japan	¥296,627	¥352,120	¥105,656	¥105,538	¥52,252	¥ 912,193	¥(29,370)	¥ 882,823
Asia and other areas	82,690	56,137	20,101	624	3,323	162,875	(7,270)	155,605
China	1,483	32,067	74,925	1,814	2,609	112,898	(761)	112,137
Europe	356	12,444	29,265	—	31	42,096	(26)	42,070
Americas	13,011	14,464	7,439	—	144	35,058	(98)	34,960
Revenue from contracts with customers	¥394,167	¥467,232	¥237,386	¥107,976	¥58,359	¥1,265,120	¥(37,525)	¥1,227,595

Year ended March 31, 2025	Millions of yen							Total
	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Subtotal	Adjustments	
Japan	¥262,960	¥295,773	¥109,551	¥109,440	¥49,855	¥ 827,579	¥(29,656)	¥ 797,923
Asia and other areas	73,250	51,549	17,713	462	3,650	146,624	(5,148)	141,476
China	1,392	29,464	64,418	1,595	2,508	99,377	(479)	98,898
Europe	343	9,894	29,970	—	2	40,209	(0)	40,209
Americas	16,391	13,352	15,136	—	135	45,014	(113)	44,901
Revenue from contracts with customers	¥354,336	¥400,032	¥236,788	¥111,497	¥56,150	¥1,158,803	¥(35,396)	¥1,123,407

Note: The disaggregation of revenue of the previous fiscal year has been presented on the basis of the reporting segment that reflected the change as presented in Note23-1(1).

Year ended March 31, 2026	Thousands of U.S. dollars (Note 3)							Total
	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Subtotal	Adjustments	
Japan	\$1,865,581	\$2,214,596	\$ 664,506	\$663,764	\$328,620	\$5,737,067	\$ (184,715)	\$5,552,352
Asia and other areas	520,055	353,051	126,410	3,925	20,924	1,024,365	(45,724)	978,641
China	9,329	201,679	471,227	11,410	16,407	710,052	(4,785)	705,267
Europe	2,244	78,268	184,060	—	183	264,755	(164)	264,591
Americas	81,830	90,972	46,791	—	899	220,492	(617)	219,875
Revenue from contracts with customers	\$2,479,039	\$2,938,566	\$1,492,994	\$679,099	\$367,033	\$7,956,731	\$ (236,005)	\$7,720,726

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 inverters, motors, servo systems, power supply (small), measuring instruments, sensors, smart meters, controllers, HMI and power distribution and control equipments 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 equipments 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 thermal power generation equipments, geothermal power generation equipments, hydroelectric power generation equipments, fuel cells, nuclear power generation equipments, substation equipments, industrial power equipments, electricity storage systems, energy management systems, solar and wind power generation, uninterruptible power systems (UPSs), switchboards, electricity construction and air conditioning equipment construction in the Energy segment, drive control systems, measuring and control systems, FA systems, transport systems, ship and harbor systems, radiation monitoring systems 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 receivables from the contracts with customers (accounts receivable-trade, electronically recorded monetary claims, notes 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 beginning balance and the ending balance of the receivables from the contracts with customers (accounts receivable-trade, electronically recorded monetary claims, notes receivable-trade), contract assets and contract liabilities are omitted because these balances are separately presented in the consolidated balance sheet.

Revenues recognized in the years ended March 31, 2026 and 2025 that were included in the contract liability balance at the beginning of the fiscal years were ¥47,908 million (\$301,310 thousand) and ¥33,287 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, 2026 and 2025 were ¥645,047 million (\$4,056,904 thousand) and ¥509,417 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 6 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 23. 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.

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

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

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

(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, 2026 and 2025 were as follows:

Year ended March 31, 2026	Millions of yen							
	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reporting segments								
Net sales								
Sales to third parties	¥385,260	¥464,353	¥234,253	¥105,573	¥38,156	¥1,227,595	¥ —	¥1,227,595
Inter-segment sales and transfers	8,907	2,879	3,133	2,403	20,203	37,525	(37,525)	—
Total sales	¥394,167	¥467,232	¥237,386	¥107,976	¥58,359	¥1,265,120	¥ (37,525)	¥1,227,595
Segment profits (losses)	¥ 59,506	¥ 44,383	¥ 23,520	¥ 13,132	¥ 3,866	¥ 144,407	¥ (7,787)	¥ 136,620
Segment assets	¥376,620	¥414,131	¥412,364	¥ 65,291	¥29,819	¥1,298,225	¥108,444	¥1,406,669
Other items								
Depreciation and amortization	¥ 5,639	¥ 12,517	¥ 39,388	¥ 2,178	¥ 460	¥ 60,182	¥ 1,596	¥ 61,778
Investments for companies applied equity method	¥ 15,501	¥ —	¥ —	¥ —	¥ —	¥ 15,501	¥ —	¥ 15,501
Capital expenditures	¥ 8,781	¥ 13,119	¥ 35,389	¥ 2,165	¥ 175	¥ 59,629	¥ 10,530	¥ 70,159

	Millions of yen							
Year ended March 31, 2025	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reporting segments								
Net sales								
Sales to third parties	¥347,717	¥396,679	¥233,524	¥109,261	¥36,226	¥1,123,407	¥ —	¥1,123,407
Inter-segment sales and transfers	6,619	3,353	3,264	2,236	19,924	35,396	(35,396)	—
Total sales	¥354,336	¥400,032	¥236,788	¥111,497	¥56,150	¥1,158,803	¥ (35,396)	¥1,123,407
Segment profits (losses)	¥ 36,263	¥ 33,971	¥ 37,081	¥ 13,902	¥ 3,764	¥ 124,981	¥ (7,335)	¥ 117,646
Segment assets	¥343,230	¥363,331	¥416,421	¥ 62,825	¥30,991	¥1,216,798	¥ 95,377	¥1,312,175
Other items								
Depreciation and amortization	¥ 4,958	¥ 11,499	¥ 36,607	¥ 2,181	¥ 499	¥ 55,744	¥ 1,597	¥ 57,341
Investments for companies applied equity method	¥ 14,422	¥ —	¥ —	¥ —	¥ —	¥ 14,422	¥ —	¥ 14,422
Capital expenditures	¥ 5,924	¥ 13,682	¥ 65,247	¥ 2,641	¥ 151	¥ 87,645	¥ 8,292	¥ 95,937

	Thousands of U.S. dollars (Note 3)							
Year ended March 31, 2026	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reporting segments								
Net sales								
Sales to third parties	\$2,423,024	\$2,920,461	\$1,473,289	\$663,984	\$239,968	\$7,720,726	\$ —	\$7,720,726
Inter-segment sales and transfers	56,015	18,105	19,705	15,115	127,065	236,005	(236,005)	—
Total sales	\$2,479,039	\$2,938,566	\$1,492,994	\$679,099	\$367,033	\$7,956,731	\$(236,005)	\$7,720,726
Segment profits (losses)	\$ 374,253	\$ 279,141	\$ 147,924	\$ 82,591	\$ 24,315	\$ 908,224	\$ (48,977)	\$ 859,247
Segment assets	\$2,368,681	\$2,604,602	\$2,593,485	\$410,639	\$187,530	\$8,164,937	\$ 682,044	\$8,846,981
Other items								
Depreciation and amortization	\$ 35,465	\$ 78,727	\$ 247,729	\$ 13,699	\$ 2,886	\$ 378,506	\$ 10,035	\$ 388,541
Investments for companies applied equity method	\$ 97,493	\$ —	\$ —	\$ —	\$ —	\$ 97,493	\$ —	\$ 97,493
Capital expenditures	\$ 55,228	\$ 82,509	\$ 222,575	\$ 13,621	\$ 1,097	\$ 375,030	\$ 66,223	\$ 441,253

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)
	2026	2025	2026
Corporate expense*	¥ (7,955)	¥ (7,449)	\$ (50,036)
Elimination of intersegment sales	168	114	1,059
Total	¥ (7,787)	¥ (7,335)	\$ (48,977)

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Corporate assets*	¥ 257,593	¥ 261,797	\$ 1,620,085
Elimination of intersegment transactions	(149,148)	(166,420)	(938,041)
Total	¥ 108,444	¥ 95,377	\$ 682,044

* 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, 2026 and 2025 were as follows:

Geographic information

(a) Sales

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Japan	¥ 882,823	¥ 797,923	\$5,552,352
Asia (except for China), Others	155,605	141,476	978,641
China	112,137	98,898	705,267
Europe	42,070	40,209	264,591
Americas	34,960	44,901	219,875
Consolidated	¥1,227,595	¥1,123,407	\$7,720,726

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

(b) Tangible fixed assets

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Japan	¥259,202	¥253,121	\$1,630,206
Asia (except for Malaysia and China), Others	20,539	19,511	129,162
Malaysia	45,928	53,095	288,855
China	20,636	19,216	129,789
Europe	1,010	918	6,357
Americas	1,550	1,213	9,750
Consolidated	¥348,865	¥347,074	\$2,194,119

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

For the year ended March 31, 2026

	Millions of yen					
	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Total
Impairment loss			¥2,947			¥2,947

	Thousands of U.S. dollars (Note 3)					
	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Total
Impairment loss			\$18,536			\$18,536

For the year ended March 31, 2025

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, 2026 and 2025 were as follows:

Year ended March 31, 2026	Millions of yen					
	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Consolidated
Amortization	¥ —	¥ 861	¥ 5	¥ —	¥ —	¥ 866
Balance as of March 31	¥ —	¥2,797	¥ —	¥ —	¥ —	¥2,797

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

Year ended March 31, 2026	Thousands of U.S. dollars (Note 3)					
	Energy	Industry	Semiconductors	Food and Beverage Distribution	Others	Consolidated
Amortization	\$ —	\$ 5,410	\$ 37	\$ —	\$ —	\$ 5,447
Balance as of March 31	\$ —	\$17,592	\$ —	\$ —	\$ —	\$17,592

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

None

Note 24. Information on Transactions with Related Parties

For the year ended March 31, 2026

None

Note 25. 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 3 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, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Balance at the beginning of the year	¥ 2,509	¥ 2,524	\$15,784
Increase due to acquisition of tangible fixed assets	38	—	245
Adjustment due to passage of time	6	6	37
Decrease due to fulfillment of obligations	(57)	(21)	(363)
Balance at the end of the year	¥ 2,496	¥ 2,509	\$15,703

Note 26. Amounts Per Share

Information on amounts per share for the years ended March 31, 2026 and 2025 was as follows:

	Yen		U.S. dollars (Note 3)
	2026	2025	2026
Net assets per share	¥5,428.63	¥ 4,695.56	\$34.142
Profit per share	665.18	642.69	4.183

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

Note 27. Significant Subsequent Events

(Acquisition of Treasury Stock)

At the meeting of the Board of Directors of Fuji Electric Co.,Ltd. held on April 28, 2026, parameters for treasury stock acquisition were approved pursuant to Article 459 (1) of the Companies Act of Japan and Article 39 of the articles of incorporation of the Company, and the acquisition was completed on May 25, 2026, as follows:

1. Reason for Parameters for Treasury Stock Acquisition

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

2. Parameters for Treasury Stock Acquisition

- | | |
|--------------------------------------|---|
| (1) Type of shares acquired: | Common shares |
| (2) Total number of shares acquired: | 1,404 thousand shares |
| (3) Total acquisition amount: | ¥20,998 million (\$132,069 thousand) |
| (4) Acquisition period: | May 1 - 25, 2026 |
| (5) Acquisition method: | Market purchases based on a discretionary dealing contract through Tokyo Stock Exchange |

(Investigation by the Japan Fair Trade Commission)

On July 14, 2026, the Company underwent an on-site inspection by the Japan Fair Trade Commission (JFTC) on suspicion of violating the Antimonopoly Act regarding transactions related to freezing and refrigeration facilities. The Company takes this matter seriously and intends to cooperate fully with the JFTC's investigation. As the investigation is currently ongoing, it is difficult to reasonably estimate the impact of this matter on the Company's financial position and operating results at this time.

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, 2026, 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, 2026, 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, including those applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue recognized over time by measuring progress toward complete satisfaction of performance obligations

Description of Key Audit Matter	Auditor's Response
As described in Note 2. r. "Accounting Standard for Disclosure of Accounting Estimates" (1. Revenues recognized over time by measuring progress toward complete satisfaction of performance obligations), mainly in the Power Electronics segments, the Fuji Electric Group("the group") applies the method of measuring the progress towards complete satisfaction of performance obligations and recognizes revenue over time (the cost-based input method is used in measuring the progress) for the sales of job-order production goods, contract works and rendering of services through construction contracts ("construction contracts"). The group recognizes revenue over time by measuring the progress toward complete satisfaction of performance obligations from unfinished, undelivered, or incomplete construction contracts, and the amount as of the end of this fiscal year was 135,933 million yen, accounting for 11% of total sales of 1,227,595 million yen recorded for this fiscal year. Progress toward complete satisfaction of performance obligations is determined based on the ratio of costs incurred to the end of the fiscal year to the estimation of the total cost of the contract. Each construction contract has different fundamental specifications and work details because they are determined in accordance with each customer's instructions. Accordingly, the estimation of the total cost involves certain assumptions and judgements that are based on expertise knowledge of and experience related to the project and are subject to uncertainty.	We mainly performed the following audit procedures to evaluate the validity of the estimation of the total cost in cases where the progress toward complete satisfaction of performance obligations is measured and revenue is recognized over time. (1) Evaluation of internal controls We evaluated the design and operating effectiveness of the following internal controls relating to estimates of the total cost. • Controls to ensure reliability by requiring that a breakdown of the execution budget (a budget prepared and approved for managing project costs) on which estimates of the total cost are based is prepared by responsible personnel with expertise knowledge and approved by managers • System to confirm that each of the elements of the total cost are accumulated and calculated in detail based on objective prices such as third party quotations and internally approved standard unit prices • System for revising estimates of the total cost in a timely manner incorporating factors such as project progress and the amounts of costs actually incurred, or changes in specifications instructed by customers • System for the effective and timely monitoring of the estimation of the total cost under the cost management department, which is responsible for the reliability of estimation of the total cost (2) Evaluation of the validity of estimation of the total cost

Further, given that construction contracts are generally long-term in nature, it is necessary to review the total cost because contracts may need to be revised due to the fluctuations in material, labor, and other costs while construction is still in progress. However, making timely and appropriate revisions of the total cost also involve certain assumptions and judgements that are based on expertise knowledge of and experience related to the project, and are subject to uncertainty.

Therefore, we consider the estimation of the total cost made in measuring the progress toward complete satisfaction of performance obligations to be of particular significance in this fiscal year and, accordingly, we have determined that this is a key audit matter.

We identified projects involving a quantitatively or qualitatively high degree of uncertainty over the estimation of the total cost in light of factors such as contract amount, details and progress of project, and performed the following procedures.

- We reconciled the estimation of the total cost to breakdowns of the execution budget on which calculations of such estimates are based, and evaluated whether cost details are consistent with construction contracts and calculated by accumulating each of the total cost elements, and whether breakdowns of the execution budget contain any adjustment items with abnormal amounts included in response to future uncertainty.
- Changes in the total cost from the end of the previous fiscal year were above a certain threshold, we evaluated whether the details of such changes are consistent with the current status of the project by making inquiries of project managers and reconciling changes to work schedules and quotations from suppliers.
- We made inquiries of project managers about changes in contracts, project progress, and judgements of whether revisions need to be made to the total cost, and evaluated the reasonableness of their responses with reference to work schedules and amounts of costs incurred.
- We conducted inspections of construction sites and evaluated whether the project progress is consistent with estimation of the total cost and progress toward complete satisfaction of performance obligations.
- We evaluated the process for estimating total cost by comparing estimation of the total cost as of the end of the previous fiscal year with the re-estimated amounts or outcomes of such estimations.



Other Information

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

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

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

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



Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2026 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, 2026 are 455 million yen and 50 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, 2026

藤田 建二

Kenji Fujita
Designated Engagement Partner
Certified Public Accountant

大島 崇行

Takayuki Oshima
Designated Engagement Partner
Certified Public Accountant

田中 勝也

Katsuya Tanaka
Designated Engagement Partner
Certified Public Accountant



Gate City Ohsaki, East Tower,
11-2, Osaki 1-chome, Shinagawa-ku, Tokyo 141-0032, Japan
Contacts: Investor Relations Dept., Public Relations and Investor Relations Office,
Corporate Management Planning Headquarters
TEL: +81-3-5435-7219 <https://www.fujielectric.com>