Financial Performance

(1) Qualitative Information regarding Consolidated Results of Operations

Results of Operations in the Fiscal Year Ended March 31, 2024

The targets of Fuji Electric's Reiwa Prosperity 2023 medium-term management plan, which concluded with the fiscal year ended March 31, 2024, were accomplished a year ahead of schedule in the fiscal year ended March 31, 2023. Specifically, these targets were net sales of ¥1 trillion and an operating profit ratio of more than 8.0%. To achieve further growth in the fiscal year ending March 31, 2024, the year of the centennial anniversary of Fuji Electric's founding, the Company will move forward with the promotion of growth strategies centered on expanding its power electronics and power semiconductor businesses, the further improvement of profitability through the strengthening of global manufacturing capabilities, and the ongoing reinforcement of operating foundations focused on environmental, social, and governance (ESG) factors. In addition, adaptiveness toward operating environment changes will be heightened with the goal of growing sales and profit.

In the fiscal year ended March 31, 2024, brisk capital investment by manufacturers and data center business operators was seen amid constantly growing needs related to vehicle electrification, energy saving, and digital infrastructure. These needs were sparked by the growth in investments for achieving decarbonization and promoting digitalization. Meanwhile, the demand for machine tools was weak amid ongoing economic stagnancy in China.

In this environment, ongoing steps were taken to improve profitability through production capacity increases for power semiconductors carried out in response to growing demand, efforts to optimize production systems to accommodate demand, and promotion of local production and consumption.

Due to these factors, increases were seen in the sales of all segments, resulting in consolidated net sales in the fiscal year ended March 31, 2024, rising ¥93.8 billion, or 9%, year on year, to ¥1,103.2 billion.

Although profit was impacted by high material and energy prices as well as by rising expenses for production capacity augmentations, overall profit was buoyed by sales volume growth coupled with the benefits of increases to product selling prices, cost reduction activities, and foreign exchange influences. As a result, consolidated operating profit rose ¥17.2 billion year on year, to ¥106.1 billion; ordinary profit was up ¥20.0 billion, to 107.8 billion; and profit attributable to owners of parent increased 14.0 billion, to ¥75.4 billion. New record highs were posted for net sales, operating profit, ordinary profit, and profit attributable to owners of parent.

Consolidated results of operations for the fiscal year ended March 31, 2024, were as follows.

(¥ billion)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change
Net sales	1,009.4	1,103.2	93.8
Operating profit	88.9	106.1	17.2
Ordinary profit	87.8	107.8	20.0
Profit attributable to owners of parent	61.3	75.4	14.0

Results by Segment

Energy
Net sales: ¥342.8 billion (up 3% year on year)
Operating profit: ¥30.1 billion (up ¥1.6 billion year on year)

In the Energy segment, net sales and operating profit were up year on year, despite declines in demand in the power generation business and the ED&C components business, due to higher demand in the power supply and facility systems business and increases in large-scale orders in the energy management business.

・In the power generation business, net sales were down year on year due to the absence of large-scale renewable energy projects recorded in the previous fiscal year. Operating results were also down year on year as a result of the lower net sales and the increases in expenses associated with large-scale projects.

・In the energy management business, net sales and operating results were up year on year as a result of increases in large-scale orders for substation equipment for industrial applications and for power supply equipment. These increases outweighed the impacts of a decline in large-scale orders from solar power generation facilities.

・In the power supply and facility systems business, net sales and operating results improved year on year as a result of increases in projects from data centers and semiconductor manufacturers.

・In the ED&C components business, net sales and operating results were down year on year due to reductions in demand from finished machinery manufacturers and for semiconductor production equipment.

Industry
Net sales: ¥419.9 billion (up 14% year on year)
Operating profit: ¥34.3 billion (up ¥7.5 billion year on year)

In the Industry segment, net sales and operating profit were up year on year as a result of higher demand in the automation systems business, the social solutions business and the equipment construction business.

・In the automation systems business, net sales and operating results were up year on year largely as a result of increased production of factory automation components.

・In the social solutions business, net sales and operating results were up year on year due to increases in orders for nuclear power- and radiation-related equipment.

・In the equipment construction business, net sales and operating results were up year on year as a result of the recording of large-scale orders for air-conditioning equipment construction.

・In the IT solutions business, net sales were up year on year due to increases in large-scale projects while operating results were relatively unchanged year on year because of differences in profitability between projects.

Semiconductor
Net sales: ¥228.0 billion (up 11% year on year)
Operating profit: ¥36.2 billion (up ¥4.0 billion year on year)

・In the semiconductor business, net sales increased year on year due to growth in demand for power semiconductors for electrified vehicles (xEVs), the benefits of which offset the impacts of declines in production and sales seen in the fourth quarter as a result of factors affecting component procurement. The growth in sales led to operating results improving year on year, despite the rise in expenses for bolstering power semiconductor production capacity and the increases in material costs.

Food and Beverage Distribution
Net sales: ¥107.3 billion (up 13% year on year)
Operating profit: ¥8.8 billion (up ¥4.5 billion year on year)

- In the vending machine business, net sales and operating results improved year on year because of growth in demand in Japan and the benefits of cost reduction activities.

- In the store distribution business, net sales and operating results were up year on year due to higher large-scale orders for counter fixtures combined with growth in demand for convenience store equipment renovations.

Others
Net sales: ¥63.2 billion (up 6% year on year)
Operating profit: ¥4.3 billion (up ¥0.6 billion year on year)

Note:
Following organizational reforms conducted in the fiscal year ended March 31, 2024, the Company's prior reportable segments—Power Electronics Energy, Power Electronics Industry, Semiconductor, Power Generation, and Food and Beverage Distribution—were reorganized to form the Energy, Industry, Semiconductor, and Food and Beverage Distribution segments. Previously announced figures have been restated to reflect this change in reportable segments.

Forecasts for the Fiscal Year Ending March 31, 2025

Forecasts for consolidated business results in the fiscal year ending March 31, 2025, are as follows.

Furthermore, forecasts for the fiscal year ending March 31, 2025, assume exchange rates of US$1 = ¥140, €1 = ¥150, RMB1 = ¥19.5.

Consolidated Business Results Forecasts (¥ billion)

	Fiscal year ended March 31, 2024 Results	Fiscal year ending March 31, 2025 Forecasts	Change
Net sales	1,103.2	1,114.0	10.8
Operating profit	106.1	109.0	2.9
Ordinary profit	107.8	109.5	1.7
Profit attributable to owners of parent	75.4	76.5	1.1

Forecasts by Segment (¥ billion)

	Fiscal year ended March 31, 2024 Results		Fiscal year ending March 31, 2025 Forecasts		Change	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Energy	342.8	30.1	348.0	31.0	5.2	0.9
Industry	419.9	34.3	414.0	36.0	(5.9)	1.7
Semiconductor	228.0	36.2	245.0	37.0	17.0	0.8
Food and Beverage Distribution	107.3	8.8	102.0	9.2	(5.3)	0.4
Others	63.2	4.3	55.0	3.7	(8.2)	(0.6)
Elimination and Corporate	(57.9)	(7.6)	(50.0)	(7.9)	7.9	(0.3)
Total	1,103.2	106.1	1,114.0	109.0	10.8	2.9

(2) Quantitative Information regarding Consolidated Financial Position

(¥ billion)

	March 31, 2023	Breakdown (%)	March 31, 2024	Breakdown (%)	Change
Total assets	1,181.6	100.0	1,271.2	100.0	+89.6
Interest-bearing debt	183.3	15.5	162.9	12.8	(20.4)
Equity*1	517.1	43.8	602.5	47.4	+85.4
Debt-to-equity ratio*2 (times)	0.4		0.3		(0.1)

*1 Equity = Total net assets － Non-controlling interests
*2 Debt-to-equity ratio = Interest-bearing debt/ Equity

Total assets on March 31, 2024, stood at ¥1,271.2 billion, an increase of ¥89.6 billion from the end of the previous fiscal year. Total current assets were up ¥49.5 billion primarily as a result of increases in notes and accounts receivable-trade, contract assets, and inventories. Total noncurrent assets were up ¥40.1 billion due to an increase in property, plant and equipment.

Interest-bearing debt as of March 31, 2024, amounted to ¥162.9 billion, down ¥20.4 billion from the previous fiscal year-end following a decrease in lease obligations. Furthermore, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—decreased ¥1.7 billion from the previous fiscal year-end, amounting to ¥97.4 billion on March 31, 2024.

Net assets on March 31, 2024, were ¥661.5 billion, up ¥89.4 billion from the previous fiscal year-end. This outcome was because of higher retained earnings. In addition, equity—total net assets net of non-controlling interests—was up ¥85.4 billion from the previous fiscal year-end, standing at ¥602.5 billion on March 31, 2024. The debt-to-equity ratio (interest-bearing debt ÷ equity) was 0.3 times, down 0.1 times from the previous fiscal year-end. Also, the net debt-to-equity ratio (net interest-bearing debt ÷ equity) was 0.2 times, unchanged from the previous fiscal year-end.

(¥ billion)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change
Net cash provided by (used in) operating activities	116.2	84.9	(31.3)
Net cash provided by (used in) investing activities	(49.5)	(62.4)	(12.9)
Free cash flow	66.7	22.4	(44.2)
Net cash provided by (used in) financing activities	(77.2)	(45.9)	31.3
Cash and cash equivalents at end of period	84.2	65.5	(18.6)

In the fiscal year ended March 31, 2024, consolidated free cash flow (net cash from operating activities + net cash from investing activities) was a positive ¥22.4 billion, a decrease of ¥44.2 billion compared with positive free cash flow of ¥66.7 billion in the previous fiscal year.

Cash flows from operating activities
Net cash provided by operating activities was ¥84.9 billion, compared with net cash provided by operating activities of ¥116.2 billion in the previous fiscal year. Major factors increasing cash included the recording of income before income taxes. Major factors decreasing cash included increase in notes and accounts receivable-trade, increase in contract assets, and increase in inventories.

This was a decrease cash provided of ¥31.3 billion year on year.

Cash flows from investing activities
Net cash used in investing activities was ¥62.4 billion, compared with net cash used in investing activities of ¥45.9 billion in the previous fiscal year. This outcome was primarily a result of the purchase of property, plant and equipment, which offset proceeds from sales of investment securities.

This was an increase in cash used of ¥12.9 billion year on year.

Cash flows from financing activities
Net cash used in financing activities was ¥45.9 billion, compared with net cash used in financing activities of ¥77.2 billion in the previous fiscal year. This was principally due to repayments of long-term borrowings and repayments of lease obligations.

As a result, consolidated cash and cash equivalents on March 31, 2024, amounted to ¥65.5 billion, down ¥18.6 billion from the previous fiscal year-end.

(3) Basic Policy Regarding Distribution of Earnings and Dividends for the Fiscal Year Ended March 31, 2024, and the Fiscal Year Ending March 31, 2025

We intend to return profit gained through business activities to shareholders. At the same time—while strengthening our management foundation—we intend to appropriate profit for consolidated shareholders' equity in order to secure internal reserves for research and development, capital investment, development of human resources, and other uses reflecting a medium- to long-term viewpoint.

We will determine the amount of dividends to be paid from retained earnings in light of the above medium-to-long term business cycle; our policy of paying stable and continuous dividends; and a comprehensive evaluation of the business results from the relevant fiscal year, research and development and capital investment plans for future growth, and the operating environment.

We regard the acquisition of treasury stock as a flexible mechanism to supplement dividends from retained earnings when warranted by the cash flow position.

Based on a rigorous evaluation of performance during the fiscal year ended March 31, 2024, forecasted performance for the fiscal year ending March 31, 2025, and our financial position, we plan to pay a year-end dividend of ¥75 per share for the fiscal year ended March 31, 2024, which will make for an annual dividend of ¥135 per share, when including the interim dividend.

We have not yet decided the dividend to be paid for the fiscal year ending March 31, 2025.

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