

Consolidated Financial Results for 1Q FY2024

Fuji Electric Co., Ltd.

July 25, 2024

Good afternoon. This is Arai, in charge of the Corporate Management Planning Headquarters.

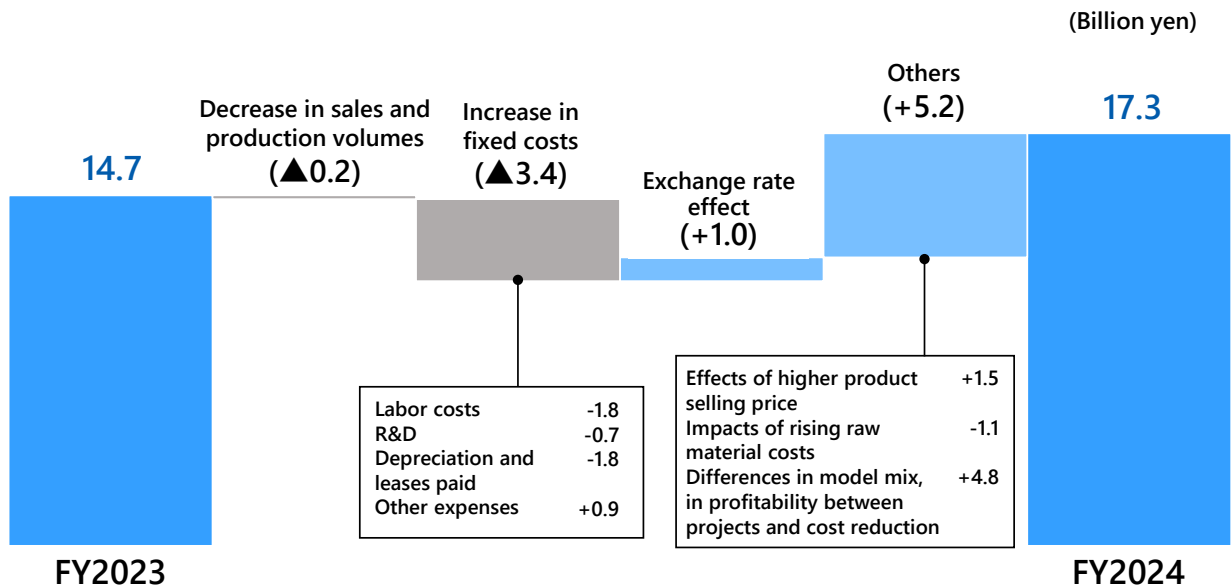
I would like to present the consolidated financial results for the 1Q of FY2024 in comparison to the previous year.

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1. FY2024 1Q Results

(YoY Comparison)

Profit up, despite higher fixed costs and raw material prices, due to benefits of differences in profitability between models and cost reduction activities



This is a waterfall chart showing the breakdown of y-o-y changes in operating results. We saw a decrease in sales and production volumes.

Automotive Business in Semiconductors Segment, Store Distribution Business, Substation System Business were positive, however, ED&C Components Business, Power Supply and Facility Systems Business and Power Generation Business were negative, resulting in a slight decline of 0.2 billion yen in total.

As for fixed costs, labor costs, mainly in Japan, increased by 1.8 billion yen. R&D cost was also up, reflecting proactive investment into Semiconductors Segment. Others decreased which include reduction in outsourcing cost. In total, fixed costs increased by 3.4 billion yen.

The exchange rate effect increased by 1 billion yen. Others increased by 5.2 billion yen. Impacts of rise in raw material costs came to minus 1.1 billion yen but raising the selling prices of products resulted in an increase of 1.5 billion yen, offsetting the negative impacts.

Differences in model mix, in profitability between projects, were positive for Equipment Construction Business, Industrial Business in Semiconductors Segment, Factory Automation Business, etc, while cost reduction was realized in Semiconductors Segment, coming to an increase of 4.8 billion yen.

This resulted in an operating profit increase of 2.6 billion yen, y-o-y.

Net Sales and Operating Profit by Segment for 1Q FY2024 (YoY Comparison)

Higher sales and operating profit in Industry, Semiconductors,
and Food and Beverage Distribution segments

(Billion yen)

	FY2023			FY2024			Change		
	Net Sales	Operating Profit	Operating Profit Ratio	Net Sales	Operating Profit	Operating Profit Ratio	Net Sales	Operating Profit	Operating Profit Ratio
Energy	72.6	5.0	6.9%	68.2	3.3	4.8%	-4.5	-1.7	-2.1%
Industry	79.7	0.0	0.0%	80.2	2.0	2.5%	0.5	2.0	2.5%
Semiconductors	51.1	7.1	14.0%	53.9	7.7	14.3%	2.8	0.6	0.4%
Food and Beverage Distribution	27.8	3.2	11.4%	30.7	5.2	16.9%	2.9	2.0	5.5%
Others	15.8	1.0	6.6%	13.8	0.8	5.7%	-2.0	-0.3	-0.9%
Elimination and Corporate	-12.8	-1.7	-	-10.4	-1.7	-	2.4	-0.0	-
Total	234.1	14.7	6.3%	236.4	17.3	7.3%	2.2	2.6	1.0%

Next page shows Net Sales and Operating Profit by segment for 1Q FY 2024, and y-o-y changes.

In the Energy Segment, net sales decreased by 4.5 billion yen.

ED&C Components Business, Power Supply and Facility Systems Business recorded lower net sales and operating results, but Industry Segment, Semiconductors Segment and Food and Beverage Distribution Segment all recorded higher sales and profit.

Business Results by Segment for 1Q FY2024 (YoY Comparison) ①

(Billion yen)

		FY2023 1Q	FY2024 1Q	Change	Overview
Energy	Net Sales	72.6	68.2	-4.5 +1.5*	<p>Power Generation: Lower net sales and operating results (Net Sales Decreased by 20%) Decrease in net sales and operating results due to the absence of large-scale renewable energy projects recorded in the previous equivalent period</p> <p>Energy Management: Higher net sales and operating results (Net Sales Increased by 14%) Increase in net sales and operating results as a result of increases in large-scale orders for substation equipment for power and industrial applications. These increases outweighed the impacts of a decline in large-scale orders from solar power generation facilities</p>
	Operating Profit	5.0	3.3	-1.7 +0.3*	<p>Power Supply and Facility Systems: Lower net sales and operating results (Net Sales Decreased by 7%) Decrease in net sales and operating results despite strong demand from data center operators, as a result of decreases in large-scale projects from overseas semiconductor manufacturers.</p> <p>ED&C Components: Lower net sales and operating results (Net Sales Decreased by 11%) Decrease in net sales due to reductions in demand from finished machinery manufacturers while operating results deteriorated because of the lower net sales combined with the impacts of higher material prices</p>

* Exchange rate effect

The following pages show details of each of the segments.

In the Energy Segment, net sales decreased by 4.5 billion yen, y-o-y, to 68.2 billion yen, and operating profit decreased by 1.7 billion yen, y-o-y, to 3.3 billion yen.

Energy Management Business had higher net sales and operating profit due to a large order for substation equipment for power and industrial applications. However, the remaining three businesses saw decreased net sales.

Power Generation Business recorded lower net sales and operating profit due to the absence of large-scale hydroelectric projects in the same period of the previous year. Net sales and profits decreased y-o-y for Power Supply and Facility Systems Business, with the rebound of strong results of the subsidiary in Singapore in the previous fiscal year, despite strong demand from data center operators in Japan.

The ED&C Components Business recorded lower net sales and operating results due to a reduction in demand from domestic finished machinery manufacturers.

Business Results by Segment for 1Q FY2024 (YoY Comparison) ②

(Billion yen)

		FY2023 1Q	FY2024 1Q	Change	Overview
Industry	Net Sales	79.7	80.2	0.5 +1.4*	<p>Automation Systems: Higher net sales and operating results (Net Sales Increased by 7%)</p> <p>Increase in net sales and operating results as the benefits of increased demand for drive control systems for process automation applications counteracted the decrease in demand for low-voltage inverters for factory automation applications</p> <p>Social Solutions: Higher net sales and operating results (Net Sales Increased by 19%)</p> <p>Increase in net sales and operating results due to increases in orders for nuclear power-related equipment and differences in profitability between railway system projects</p>
	Operating Profit	0.0	2.0	2.0 -0.1*	<p>Digital Transformation Solutions: Lower net sales and operating results (Net Sales Decreased by 12%)</p> <p>Decrease in net sales and operating results due to the absence of previously recorded large-scale IT solutions projects</p> <p>Equipment Construction: Higher net sales and operating results (Net Sales Increased by 11%)</p> <p>Increase in net sales and operating results as a result of strong trends in construction projects</p>

* Exchange rate effect

※Figures for FY2023 have been restated to reflect the business reorganization resulting in the creation of the digital transformation solutions business undertaken in FY2024.

In the Industry Segment, net sales increased by 0.5 billion yen to 80.2 billion yen, and operating profit increased by 2 billion yen to 2 billion yen.

There are four businesses in this segment. Three businesses, except Digital Transformation Solutions Business, recorded higher net sales and operating profit. Digital Transformation Solutions Business's net sales and operating profit declined due to the absence of large-scale IT solutions projects recorded in the previous year.

Automation Systems Business saw increases in both net sales and operating profit as the benefits of increased demand for drive control systems for process automation applications counteracted the decrease in demand for low-voltage inverters for factory automation applications.

Both sales and operating profit increased for Social Solutions Business due to increases in orders for nuclear power-related equipment and differences in profitability between railway system projects.

The Equipment Construction Business also saw an increase in net sales and operating profit because of strong construction project trends.

Business Results by Segment for 1Q FY2024 (YoY Comparison) ③

(Billion yen)

		FY2023 1Q	FY2024 1Q	Change	Overview
Semiconductors	Net Sales	51.1	53.9	2.8 +2.6*	Increase in net sales due to growth in demand for power semiconductors for electrified vehicles (xEVs) and favorable foreign exchange influences, the benefits of which offset the impacts of declines in demand for industrial power semiconductors for factory automation applications. The growth in sales coupled with the benefits of cost reduction activities and favorable foreign exchange influences 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
	Operating Profit	7.1	7.7	0.6 +0.8*	
Food and Beverage Distribution	Net Sales	27.8	30.7	2.9	Vending Machines: Net sales unchanged but operating results improved (Net Sales Increased by 1%) Relatively unchanged in sales, but operating results improved because of the benefits of cost reduction activities Store Distribution: Higher net sales and operating results (Net Sales Increased by 20%) Increase in net sales and operating results due to a special demand trend stemming from the issuance of newly designed paper currency in Japan
	Operating Profit	3.2	5.2	2.0	

	FY2023	FY2024	Change
Industrial	25.2	26.4	1.2
Automotive	25.9	27.5	1.6

* Exchange rate effect

Next, Semiconductor Segment.

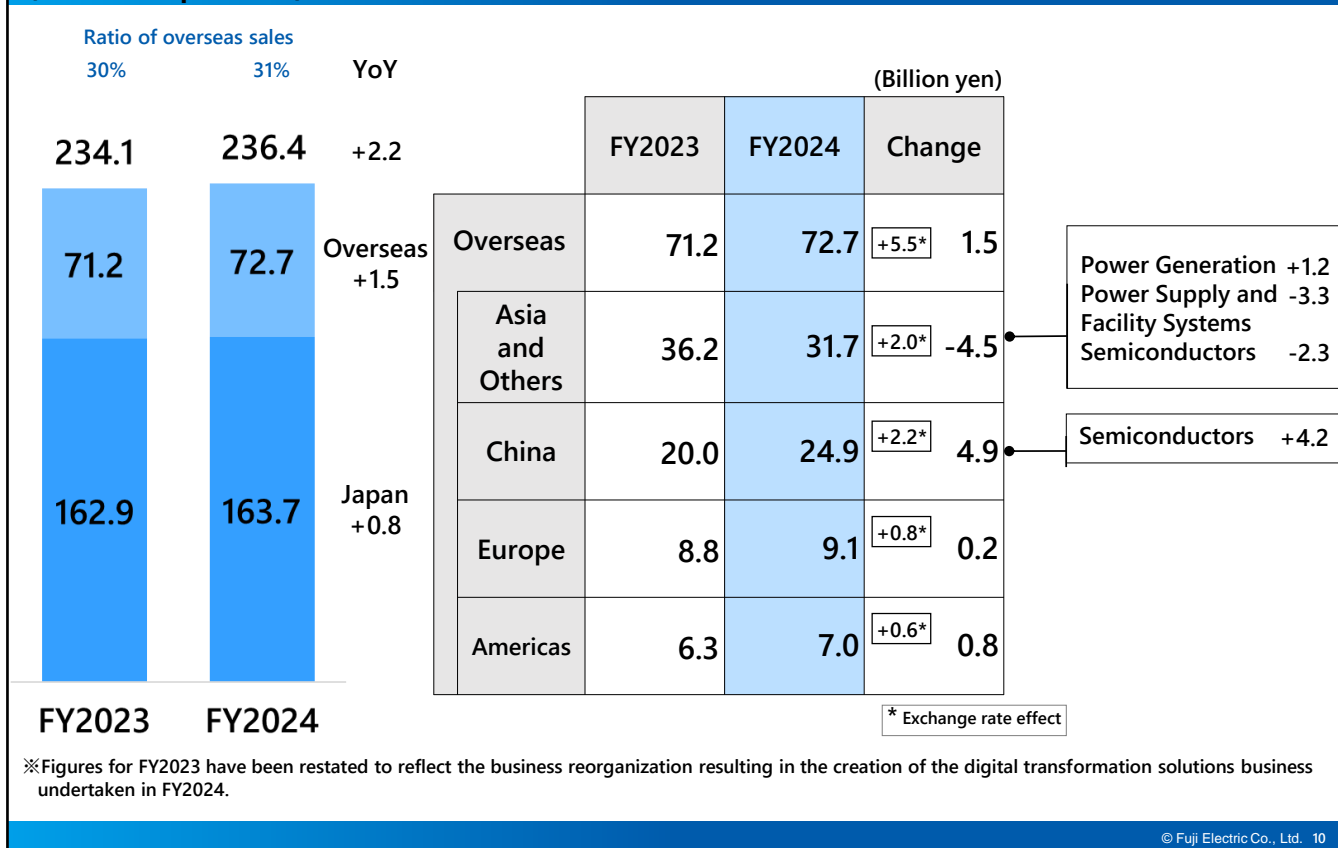
Net sales increased by 2.8 billion yen to 53.9 billion yen, and operating profit increased slightly by 0.6 billion yen to 7.7 billion yen. In the Industrial Business, demand declined for Industrial power semiconductors for factory automation applications, which was offset by favorable foreign exchange impact.

Automotive Business, showed higher net sales with slight decline in operating profit. Despite negative factors including rises in expenses for power semiconductor production and higher material costs, growth in sales coupled with the benefit of cost reduction activities and favorable foreign exchange impact resulted in both higher net sales and operating profit.

In the Food and Beverage Distribution Segment, both the Vending Machines Business and the Store Distribution Business saw higher net sales and operating profit. The Vending Machines Business saw a slight increase in net sales, but operating profit improved by two digits due to cost reduction activities.

The Store Distribution Business saw significantly higher net sales and operating profit due to special demand stemming from the issuance of newly designed paper currency in Japan.

Net Sales by Japan and Overseas Area for 1Q FY2024 (YoY Comparison)



The next slide shows net sales for Japan and overseas areas for 1Q of FY 2024 and y-o-y changes.

Net sales increased by 1.5 billion yen, y-o-y, to 72.7 billion yen overseas and by 0.8 billion yen, y-o-y, to 163.7 billion yen domestically.

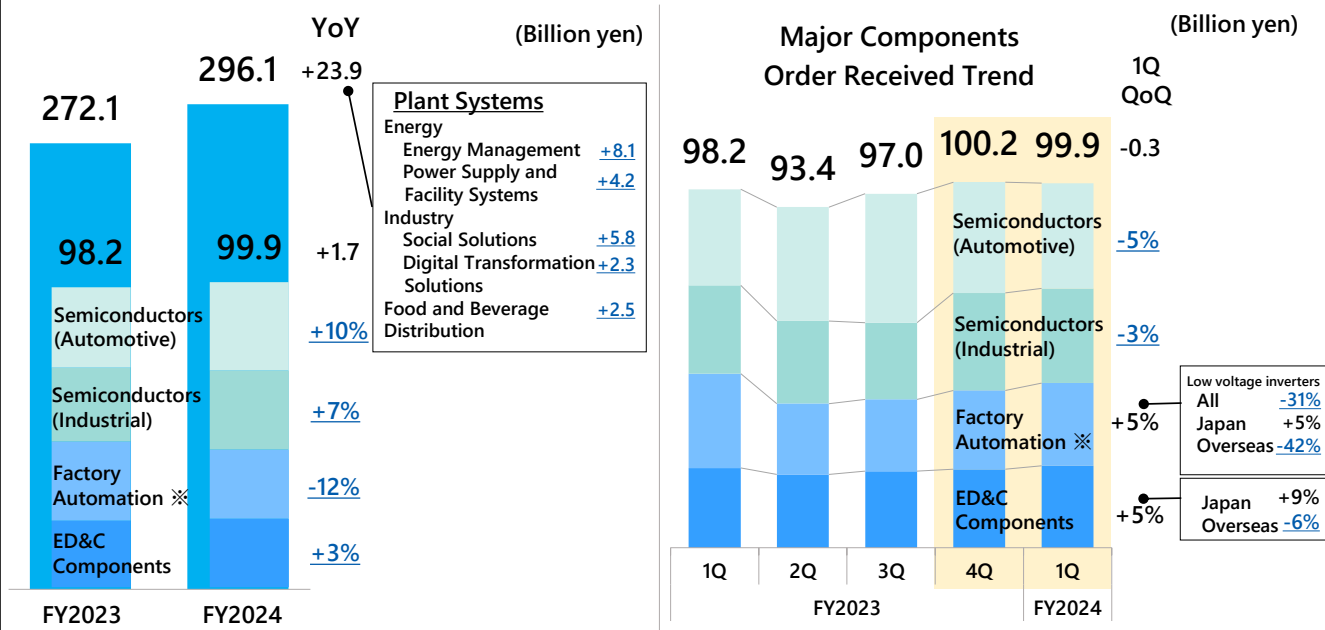
Excluding the foreign exchange impact, it was approximately negative 4 billion yen in total.

By region, sales in Asia were down 4.5 billion yen, of which 3.3 billion yen was from the rebound of the strong result recorded by our subsidiary in Singapore with Power Supply and Facility Systems Business in the previous year, and minus 2.3 billion yen mainly for Automotive Business in Semiconductors Segment.

In China, both Industrial and Automotive Businesses in the Semiconductors Segment saw higher net sales of 4.2 billion yen, resulting in a strong increase in net sales of 4.9 billion yen from a weak FY2023.

Europe and the Americas had slightly higher net sales due to favorable FX impact.

YoY : Large increase in plant system orders
QoQ: Decrease in semiconductor and Low-voltage inverters demand



※The definition of factory automation components has been changed to refer to low-voltage inverters, industrial motors, and measuring instruments.

The next slide shows major component orders in the three-month period that ended June 30, 2024.

Orders received were up 23.9-billion-yen, y-o-y, to 296.1 billion yen. Orders increased significantly in Plant Systems, mainly in Energy Management Business, Power Supply and Facility Systems Business and Social Solution Business.

Major Components were up 1.7 billion yen, y-o-y, to 99.9 billion yen. Compared to the same period of the previous year, Semiconductors (Automotive) were up 10%, Semiconductors (Industrial) up 7%, Factory Automation was down by 12%, and ED&C Components were up only slightly by 3%.

The right half of the slide shows the quarterly trends of a number of orders and net sales. On the right is the quarter -on - quarter changes, which are down slightly in total. Semiconductors Segment (both Industrial and Automotive Businesses) were down 5% and 3%, respectively, while Factory Automation Business and ED&C Components Business were both up by 5%. Low voltage inverters for Factory Automation Business was down 31%.

2. FY2024 Forecasts (Comparison with Forecasts on April 25, 2024)

【Six-month (1st Half)】

- Downward revision to reflect lower demand from certain automotive semiconductor customers
- Upward revision following rise in demand for automatic change dispensers in Food and Beverage Distribution segment
- Recording of gains on sale of investment securities in second quarter

【Full-year】

- Full-year forecasts revised to reflect revision to six-month forecasts
- Revision to full-year forecasts incorporating six-month order trends, operating environment, foreign exchange rates, etc.

Consolidated Financial Results Forecasts for six months FY2024 (Comparison with Forecasts on April 25, 2024)

Revisions to performance forecasts for Semiconductors and Food and Beverage Distribution segments based on recent trends
Upward revision to forecast for profit attributable to owners of parent in reflection of gains on sale of investment securities

	(Billion yen)			Assumed Exchange Rate on 2Q FY2024			
	Six months Forecasts (April 25)	Six months Forecasts (July 25)	Change	US\$	EURO	RMB	
Net Sales	494.0	494.0	0.0	April 25 Forecast	¥140.00	¥150.00	¥19.50
Operating Profit	35.5	35.5	0.0	July 25 Forecast	No Change	No Change	No Change
Operating Profit Ratio	7.2%	7.2%	0.0	Foreign Exchange Rate Sensitivity※ (Million Yen)	-20	30	90
Ordinary Profit	33.0	33.0	0.0	* Impact on operating profit (3 months impact from July to September 2024) US\$ and EURO: Impact of ¥1 yen depreciation-fluctuations RMB: Impact of 1% yen depreciation fluctuations			
Profit Attributable to Owners of Parent	20.0	29.5	9.5				
Ratio of profit attributable to owners of parent to net sales	4.0%	6.0%	2.0%				

	Six months Forecasts (April 25)		Six months Forecasts (July 25)		Change	
	Net Sales	Operating profit	Net Sales	Operating profit	Net Sales	Operating profit
Energy	149.0	8.7	149.0	8.7	0.0	0.0
Industry	173.0	6.2	173.0	6.2	0.0	0.0
Semiconductors	117.0	16.9	113.0	14.9	-4.0	-2.0
Food and Beverage Distribution	52.0	5.5	56.0	7.5	4.0	2.0
Others	26.0	1.6	26.0	1.6	0.0	0.0
Elimination and Corporate	-23.0	-3.4	-23.0	-3.4	0.0	0.0
Total	494.0	35.5	494.0	35.5	0.0	0.0

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Next, I would like to explain FY 2024 Forecasts in comparison to the forecast announced on April 25th, 2024.

There are no changes in FX assumptions for both the 1st half and the 2nd half.

The forecasts of Net sales, Operating Profit/Loss, Operating Profit Ratio, and Ordinary Profit remain unchanged. However, as extraordinary gains on the sale of investment securities were recorded in the 1st half, net profit is expected to increase by 9.5 billion yen and the net profit ratio by 2 points in the second quarter.

By Segment, in Semiconductors, reflecting the lower EV demand from certain overseas automotive manufacturers, net sales and operating profit/loss are expected to decline by 4 billion yen and 2 billion yen, respectively. Food and Beverage Distribution Segment, on the other hand, is expected to increase net sales and operating profit/loss by 4 billion yen and 2 billion yen respectively, mainly due to special demand for automatic change dispensers. As a result, total net sales and operating profit/loss will remain unchanged.

Consolidated Financial Results Forecasts for full-year FY2024 (Comparison with Forecasts on April 25, 2024)

Full-year forecasts revised to reflect revision to six-month forecasts
Forecasts to be reexamined after six-month financial results announcement based on foreign exchange rates, etc.

(Billion yen)				Assumed Exchange Rate on 2Q to 4Q FY2024			
	Full-year Forecasts (April 25)	Full-year Forecasts (July 25)	Change		US\$	EURO	RMB
Net Sales	1,114.0	1,114.0	0.0	April 25 Forecast	¥140.00	¥150.00	¥19.50
Operating Profit	109.0	109.0	0.0	July 25 Forecast	No Change	No Change	No Change
Operating Profit Ratio	9.8%	9.8%	0.0	Foreign Exchange Rate Sensitivity※ (Million Yen)	-40	100	240
Ordinary Profit	109.5	109.5	0.0	* Impact on operating profit (9 months impact from July to March 2025)			
Profit Attributable to Owners of Parent	76.5	80.5	4.0	US\$ and EURO: Impact of ¥1 yen depreciation-fluctuations			
Ratio of profit attributable to owners of parent to net sales	6.9%	7.2%	0.3%	RMB: Impact of 1% yen depreciation fluctuations			

	Full-year Forecasts (April 25)		Full-year Forecasts (July 25)		Change	
	Net Sales	Operating profit	Net Sales	Operating profit	Net Sales	Operating profit
Energy	348.0	31.0	348.0	31.0	0.0	0.0
Industry	414.0	36.0	414.0	36.0	0.0	0.0
Semiconductors	245.0	37.0	241.0	35.0	-4.0	-2.0
Food and Beverage Distribution	102.0	9.2	106.0	11.2	4.0	2.0
Others	55.0	3.7	55.0	3.7	0.0	0.0
Elimination and Corporate	-50.0	-7.9	-50.0	-7.9	0.0	0.0
Total	1,114.0	109.0	1,114.0	109.0	0.0	0.0

Next is the consolidated financial results forecasts for the full year.

Due to continued uncertainty in the second half of the year, net sales, operating profit/loss, operating profit ratio, and ordinary profit/loss remain unchanged. The sales of investment securities were originally planned for the second half of the year but have been brought forward to the first half, and the volume of sales has also been increased. As a result, the net profit/loss for the year is expected to increase by 4 billion yen to 80.5 billion yen and the net profit ratio to increase by 0.3 percentage points to 7.2%.

By segment, Semiconductors Segment is expected to be negative and Food and Beverage Distribution Segment to be positive, as in the first half of the year.

3. Balance Sheet Cash Flow Statement

Consolidated Balance Sheet at the End of 1Q FY2024 (Comparison on the end of a previous fiscal year)

Assets	3/31/24	6/30/24	Change
Cash and deposit	66.2	66.2	-0.0
Notes and account receivables-trade, Contract assets	430.1	356.1	-74.0
Inventories	226.1	248.3	22.2
Other current assets	40.6	48.1	7.5
Total current assets	763.1	718.7	-44.3
Property, plant and equipment	311.5	336.8	25.4
Intangible assets	25.5	26.2	0.8
Investments and other assets	171.1	170.5	-0.6
Total long-term assets	508.1	533.6	25.5
Deferred assets	0.0	0.1	0.0
Total assets	1,271.2	1,252.4	-18.8
Equity ratio	47.4%	49.1%	1.7%
Net interest-bearing debt ^{※1}	97.4	70.2	-27.2
Net D/E ratio(times) ^{※2}	0.2	0.1	-0.0

Liabilities and Net Assets	(Billion yen)		
	3/31/24	6/30/24	Change
Notes and account payables-trade	207.4	190.6	-16.8
Interest-bearing debts	162.9	135.4	-27.5
Other liabilities	239.4	252.4	13.0
Total liabilities	609.7	578.4	-31.3
Share capital	47.6	47.6	-
Capital surplus	46.0	46.0	0.0
Retained earnings	423.1	423.8	0.7
Treasury shares	-7.4	-7.4	-0.0
Shareholders' equity	509.3	510.0	0.7
Accumulated other comprehensive income	93.2	105.1	11.9
Non-controlling interests	59.0	58.9	-0.1
Total net assets	661.5	674.0	12.5
Total liabilities and net assets	1,271.2	1,252.4	-18.8

※1 Net interest-bearing debt: Interest-bearing debt – Cash and cash equivalents

※2 Net D/E ratio: Net interest-bearing debt ÷ Equity

This is a comparison of the consolidated balance sheet at the end of March and end of June. Inventories increased by 22.2 billion yen, and property, plant, and equipment, mainly in Semiconductors Segment, increased by 25.4 billion yen. On the other hand, trade receivables, which had built up at the end of March, were collected by June, reducing receivables by 74 billion yen. Total assets decreased by 18.8 billion yen to 1 trillion 252.4 billion yen. On the liabilities side, total liabilities were reduced by 27.5 billion yen, mainly due to a decrease in interest-bearing debt, despite an increase in advances received. Retained earnings increased by 0.7 billion yen, but this figure was after dividend payments of 10.7 billion yen. As a result, the equity ratio increased by 1.7 percentage points to 49.1%, net interest-bearing debt decreased by 27.2 billion yen to 70.2 billion yen and the debt-to-equity ratio was 0.1 times.

Consolidated Cash Flows for 1Q FY2024 (YoY Comparison)

		(Billion yen)	
		FY2023	FY2024
I	Cash Flows from Operating Activities	12.0	66.2
II	Cash Flows from Investing Activities	-5.3	-27.0
I + II	Free Cash Flow (FCF)	6.7	39.2
III	Cash Flows from Financing Activities	-44.9	-43.2
IV	Cash and Cash Equivalents at End of Period	48.1	65.3

In the first quarter of FY2024, cash flow from operating activities was 66.2 billion yen, mainly due to positive retained earnings of approximately 25 billion yen, an increase in receivables collection and advances received, which covered the negative impact from inventories and accounts payable, and an upturn in working capital of approximately 41 billion yen.

On the other hand, cash flows from investing activities decreased by 27 billion yen, mainly due to investments in Semiconductors Segment.

In total, free cash flow was positive by 39.2 billion yen, an improvement of 32.5 billion yen compared to the previous year, mainly due to the upturn in working capital.

4. Reference

■ ED&C Components amount of orders received

	1Q QoQ	1Q YoY
All	+5%	+3%
Japan	+9%	-1%
Overseas	-6%	+13%

■ Low-voltage inverters amount of orders received

All	-31%	-18%
Japan	+5%	-15%
Overseas	-42%	-20%

■ Semiconductors amount of orders received

All	-4%	+8%
Industrial	-3%	+7%
Automotive	-5%	+10%

■ Vending machines amount of orders received

All	+12%	+1%
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※Figures for FY2023 have been restated to reflect the business reorganization resulting in the creation of the digital transformation solutions business undertaken in FY2024.

Reference: Consolidated Financial Results Forecasts for six months FY2024
(YoY Comparison)

	(Billion yen)		
	FY2023 Results	FY2024 Forecasts (July 25, 2024)	Change
Net Sales	491.7	494.0	2.3
Operating Profit	35.0	35.5	0.5
Operating Profit Ratio	7.1%	7.2%	0.1%
Ordinary Profit	34.6	33.0	-1.6
Profit Attributable to Owners of Parent	24.3	29.5	5.2
Ratio of profit attributable to owners of parent to net sales	5.0%	6.0%	1.0%

	FY2023 Results		FY2024 Forecasts (July 25, 2024)		Change	
	Net Sales	Operating Profit	Net Sales	Operating Profit	Net Sales	Operating Profit
Energy	146.3	8.7	149.0	8.7	2.7	0.0
Industry	179.7	5.2	173.0	6.2	-6.7	1.0
Semiconductors	108.5	16.8	113.0	14.9	4.5	-1.9
Food and Beverage Distribution	53.2	5.4	56.0	7.5	2.8	2.1
Others	31.3	2.1	26.0	1.6	-5.3	-0.5
Elimination and Corporate	-27.2	-3.1	-23.0	-3.4	4.2	-0.3
Total	491.7	35.0	494.0	35.5	2.3	0.5

Looking ahead, the global situation is uncertain, not only in the US but also in China, due to policy differences between the candidates in the US presidential election. Interest rate trends and exchange rates are also uncertain, as the Fed indicated a cut in interest rates in September, and the BoJ has indicated that it will raise rates.

As of today, we are seeing significant fluctuations in the stock market. The exchange rate assumptions of 140 yen to the dollar and 150 yen to the euro and 19.5 yen to the yuan remain unchanged from the initial forecast.

When we review the plan in October, we will disclose our forecasts based on the situation in each segment as well as any changes to the exchange rate assumptions.

As I have always said, the foreign exchange impact and cost improvements are expected to boost profits in both the first half and the full year if the current situation is maintained.

That concludes my explanation. Thank you for your kind attention.

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