1. Financial Performance

(1) Qualitative Information regarding Consolidated Results of Operations

Results of Operations in the Fiscal Year Ended March 31, 2025

In the fiscal year ending March 31, 2025, Fuji Electric launched To be enthusiastic, ambitious and sensitive 2026, a three-year medium-term management plan slated to conclude with the fiscal year ending March 31, 2027. In accordance with the plan's basic policy of pursuing the improvement of corporate value through management emphasizing profit, Fuji Electric will move forward with the improvement of profitability through improvement of productivity using digital technologies and business operation emphasizing cost of capital and the promotion of growth strategies focused on the introduction of new products and the expansion of overseas businesses. At the same time, the Company will work toward the strengthening of management foundations via ongoing environmental, social, and governance (ESG) initiatives. In addition, adaptiveness toward operating environment changes will be heightened with the goal of growing sales and profit and achieving ongoing increases in corporate value.

In the three-month period ended June 30, 2024, brisk capital investment by manufacturers and data center business operators was seen amid constantly growing needs related to vehicle electrification, stable energy supplies, and energy saving. These needs were sparked by the growth in investments for achieving decarbonization and promoting digitalization. Meanwhile, demand for machine tools was weak amid ongoing economic stagnancy in China. In addition, changing trends in the electrified vehicle (xEV) market are creating a need to monitor demand trends going forward.

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 the Industry, Semiconductor, and Food and Beverage Distribution segments, resulting in consolidated net sales in the three-month period ended June 30, 2024, rising ¥2.2 billion, or 1%, year on year, to a new record high of ¥236.4 billion.

Although profit was impacted by high material as well as by increases in R&D expenditures and rising expenses for production capacity augmentations, overall profit was buoyed by the benefits of increases to product selling prices, cost reduction activities, and foreign exchange influences. As a result, operating profit rose ¥2.6 billion year on year, to ¥17.3 billion, and ordinary profit was up ¥3.1 billion, to ¥18.3 billion, both reaching new record highs. Profit attributable to owners of parent decreased ¥0.8 billion, to ¥11.5 billion, due to the absence of gains on sales of investment securities recorded under extraordinary income in the previous equivalent period.

Consolidated results of operations for the three-month period ended June 30, 2024, were as follows.

(¥ billion)

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2024	Change
Net sales	234.1	236.4	2.2
Operating profit	14.7	17.3	2.6
Ordinary profit	15.1	18.3	3.1
Profit attributable to owners of parent	12.3	11.5	(0.8)

Results by Segment

Energy
Net sales: ¥68.2 billion (down 6% year on year)
Operating profit: ¥3.3 billion (down ¥1.7 billion year on year)

In the Energy segment, net sales and operating profit were down year on year due to the absence of previously recorded large-scale orders in the power generation business and the power supply and facility systems business and declines in demand in the ED&C components business.

・In the power generation business, net sales and operating results were down year on year due to the absence of large-scale renewable energy projects recorded in the previous equivalent period.

・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 power and industrial applications. 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 were down year on year, despite strong demand from data center operators, as a result of decreases in large-scale projects from overseas semiconductor manufacturers.

・In the ED&C components business, net sales were down year on year 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.

Industry
Net sales: ¥80.2 billion (up 1% year on year)
Operating profit: ¥2.0 billion (up ¥2.0 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 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.

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

・In the digital transformation solutions business, net sales and operating results were down year on year due to the absence of previously recorded large-scale IT solutions projects.

・In the equipment construction business, net sales and operating results were up year on year as a result of strong trends in construction projects.

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

Semiconductors
Net sales: ¥53.9 billion (up 6% year on year)
Operating profit: ¥7.7 billion (up ¥0.6 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) 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.

Food and Beverage Distribution
Net sales: ¥30.7 billion (up 11% year on year)
Operating profit: ¥5.2 billion (up ¥2.0 billion year on year)

・In the vending machine business, net sales were relatively unchanged year on year, but operating results improved year on year because of the benefits of cost reduction activities.

・In the store distribution business, net sales and operating results were up year on year due to a special demand trend stemming from the issuance of newly designed paper currency in Japan.

Others
Net sales: ¥13.8 billion (down 13% year on year)
Operating profit: ¥0.8 billion (down ¥0.3 billion year on year)

Note: Following organizational reforms conducted in the nine-month period ended December 31, 2023, 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.

(2) Quantitative Information regarding Consolidated Financial Position

(¥ billion)

	March 31, 2024	Breakdown (%)	June 30, 2024	Breakdown (%)	Change
Total assets	1,271.2	100	1,252.4	100	(18.8)
Interest-bearing debt	162.9	12.8	135.4	10.8	(27.5)
Equity*1	602.5	47.4	615.1	49.1	12.6
Debt-to-equity ratio*2 (times)	0.3		0.2		(0.1)

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

Total assets on June 30, 2024, stood at ¥1,252.4 billion, a decrease of ¥18.8 billion from the end of the previous fiscal year. Total current assets were down ¥44.3 billion primarily as a result of a decreases in notes and accounts receivable-trade, which counteracted an increase in inventories. Total noncurrent assets were up ¥25.5 billion due to an increase in property, plant and equipment.

Interest-bearing debt as of June 30, 2024, amounted to ¥135.4 billion, down ¥27.5 billion from the previous fiscal year-end. Furthermore, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—decreased ¥27.2 billion from the previous fiscal year-end, amounting to ¥70.2 billion on June 30, 2024.

Net assets on June 30, 2024, were ¥674.0 billion, up ¥12.5 billion from the previous fiscal year-end. This outcome was because of foreign currency translation adjustment. In addition, equity—total net assets net of noncontrolling interests—was up ¥12.6 billion from the previous fiscal year-end, standing at ¥615.1 billion on June 30, 2024. The debt-to-equity ratio (interest-bearing debt ÷ equity) was 0.2 times, down 0.1 times from the previous fiscal year-end. Also, the net debt-to-equity ratio (net interest-bearing debt ÷ equity) was 0.1 times, down 0.1 times from the previous fiscal year-end.

In the three-month period ended June 30, 2024, consolidated free cash flow (net cash from operating activities + net cash from investing activities) was a positive ¥39.2 billion, an increase of ¥32.5 billion compared with positive free cash flow of ¥6.7 billion in the previous equivalent period.

Cash flows from operating activities
Net cash provided by operating activities was ¥66.2 billion, compared with net cash provided by operating activities of ¥12.0 billion in the previous equivalent period. Major factors increasing cash included the recording of income before income taxes and decrease in accounts receivable-trade, and contract assets. Major factors decreasing cash included increase in inventories and decrease in trade payables.

This was an increase in cash provided of ¥54.3 billion year on year.

Cash flows from investing activities
Net cash used in investing activities was ¥27.0 billion, compared with net cash used in investing activities of ¥5.3 billion in the previous equivalent period. This outcome was primarily a result of the purchase of property, plant and equipment.

This was an increase in cash used of ¥21.7 billion year on year.

Cash flows from financing activities
Net cash used in financing activities was ¥43.2 billion, compared with net cash used in financing activities of ¥44.9 billion in the previous equivalent period. This was principally due to decrease in commercial papers as well as to repayments of long-term borrowings.

As a result, consolidated cash and cash equivalents on June 30, 2024, amounted to ¥65.3 billion, down ¥0.3 billion from the previous fiscal year-end.

(3) Qualitative Information regarding Consolidated Forecasts and Forecast Information

In light of the business result trends seen in the three-month period ended June 30, 2024, Fuji Electric has chosen to revise the consolidated forecast for business results for the six-month period ending September 30, 2024 and the fiscal year ending March 31, 2025, that was announced together with financial results for the fiscal year ended March 31, 2024, on April 25, 2024.

The forecast assumes exchange rates of US$1 = ¥140, €1 = ¥150, and RMB1 = ¥19.5 for the period from July 1, 2024, onward.

(Consolidated Forecasts for the Six-Month Period Ending September 30, 2024)

(¥ billion)

	Previous announcement	Today's announcement	Change
Net sales	494.0	494.0	0.0
Operating profit	35.5	35.5	0.0
Ordinary profit	33.0	33.0	0.0
Profit attributable to owners of parent	20.0	29.5	9.5

(Reference: Consolidated Forecasts for the Six-Month Period Ending September 30, 2024, by Segment)

(¥ billion)

	Previous announcement		Today's announcement		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
Semiconductor	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

(Consolidated Forecasts for the Fiscal Year Ending March 31, 2025)

(¥ billion)

	Previous announcement	Today's announcement	Change
Net sales	1,114.0	1,114.0	0.0
Operating profit	109.0	109.0	0.0
Ordinary profit	109.5	109.5	0.0
Profit attributable to owners of parent	76.5	80.5	4.0

(Reference: Consolidated Forecasts for the Fiscal Year Ending March 31, 2025, by Segment)

(¥billion)

	Previous announcement		Today's announcement		Change	
	Net Sales	Operating Profit	Net Sales	Net Sales	Operating Profit	Net Sales
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
Semiconductor	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

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