Financial Performance

(1) Qualitative Information regarding Consolidated Results of Operations

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 six-month period ended September 30, 2024, brisk capital investment by manufacturers and data center business operators was seen amid constantly growing needs related to 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, electrified vehicle (xEV) market trends varied greatly by region, and growth in the area was lower than expected as a result.

In this environment, ongoing steps were taken to improve profitability through preparations for production capacity increases for SiC power semiconductors, 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 Energy and Food and Beverage Distribution segments, resulting in consolidated net sales in the six-month period ended September 30, 2024, rising ¥5.7 billion, or 1%, year on year, to a new record high of ¥497.4 billion.

Although profit was impacted by high material as well as by reduction in component sales volumes, overall profit was buoyed by the benefits of launches of high-value-added products, increases to product selling prices, cost reduction activities, and foreign exchange influences. As a result, operating profit rose ¥5.3 billion year on year, to ¥40.3 billion, and ordinary profit was up ¥4.3 billion, to ¥38.9 billion, both reaching new record highs. Profit attributable to owners of parent increased ¥11.2 billion, to a new record high of ¥35.5 billion, due to the recording of gains on sales of investment securities recorded under extraordinary profit.

Consolidated results of operations for the six-month period ended September 30, 2024, were as follows

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(¥ billion)

	Six-month period ended September 30, 2023	Six-month period ended September 30, 2024	Change
Net sales	491.7	497.4	5.7
Operating profit	35.0	40.3	5.3
Ordinary profit	34.6	38.9	4.3
Profit attributable to owners of parent	24.3	35.5	11.2

Results by Segment

Energy
Net sales: ¥147.6 billion (up 1% year on year)
Operating profit: ¥9.8 billion (up ¥1.1 billion year on year)

In the Energy segment, net sales and operating profit were up year on year, despite delays in the recovery and subsequent declines in demand in the ED&C components business, due to increases in plant and system demand centered on the energy management business.

・In the power generation business, net sales and operating results were up year on year due to the recording of large-scale renewable energy 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 power, industrial, and railway applications.

・In the power supply and facility systems business, net sales 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. However, operating results were up year on year because of differences in profitability between projects.

・In the ED&C components business, net sales were down year on year due to delays in the recovery and subsequent declines 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: ¥176.8 billion (down 2% year on year)
Operating profit: ¥8.4 billion (up ¥3.2 billion year on year)

In the Industry segment, net sales were down year on year due to ongoing inventory adjustment in relations to low-voltage inverters in the automation systems business and the impacts of large-scale projects in the equipment construction business. Meanwhile, operating profit was 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 were down due to ongoing inventory adjustment in relation to low-voltage inverters for factory automation applications while operating results were relatively unchanged year on year because of the benefits of increased demand for drive control systems for process automation applications.

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

・In the digital transformation solutions business, net sales and operating results were up year on year due to increases in large-scale IT solutions projects.

・In the equipment construction business, net sales were down year on year due to the absence of large-scale air-conditioning equipment construction projects recorded in the previous equivalent period. Meanwhile, operating results were up year on year because of differences in profitability between projects and the benefits of cost reduction activities.

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: ¥108.0 billion (unchanged year on year)
Operating profit: ¥15.1 billion (down ¥1.7 billion year on year)

・In the semiconductor business, net sales were relatively unchanged year on year as the growth in sales volumes for industrial power semiconductors was counteracted by impacts of unfavorable foreign exchange influences and the declines in overseas sales volumes of power semiconductors for xEVs. Operating results, meanwhile, were down year on year due to the rise in expenses for bolstering power semiconductor production capacity and the increases in material costs.

Food and Beverage Distribution
Net sales: ¥58.3 billion (up 10% year on year)
Operating profit: ¥8.7 billion (up ¥3.3 billion year on year)

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

・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: ¥27.4 billion (down 12% year on year)
Operating profit: ¥1.7 billion (down ¥0.4 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 (%)	September 30, 2024	Breakdown (%)	Change
Total assets	1,271.2	100	1,232.5	100	(38.7)
Interest-bearing debt	162.9	12.8	114.4	9.3	(48.5)
Equity*1	602.5	47.4	621.1	50.4	18.6
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 September 30, 2024, stood at ¥1,232.5 billion, a decrease of ¥38.7 billion from the end of the previous fiscal year. Total current assets were down ¥50.0 billion primarily as a result of decreases in notes receivable-trade and accounts receivable-trade, which counteracted the increases in contract assets and inventories. Total noncurrent assets were up ¥11.3 billion due to an increase in property, plant and equipment, which outweighed the impacts of sales of investment securities and a decrease resulted from valuation difference on available-for-sale securities.

Interest-bearing debt as of September 30, 2024, amounted to ¥114.4 billion, down ¥48.5 billion from the previous fiscal year-end. Furthermore, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—decreased ¥47.7 billion from the previous fiscal year-end, amounting to ¥49.7 billion on September 30, 2024.

Net assets on September 30, 2024, were ¥680.0 billion, up ¥18.5 billion from the previous fiscal year-end. This outcome was primarily because of an increase in retained earnings. In addition, equity—total net assets net of noncontrolling interests—was up ¥18.6 billion from the previous fiscal year-end, standing at ¥621.1 billion on September 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 six-month period ended September 30, 2024, consolidated free cash flow (net cash from operating activities + net cash from investing activities) was a positive ¥48.5 billion, an increase of ¥61.8 billion compared with positive free cash flow of ¥13.2 billion in the previous equivalent period.

Cash flows from operating activities

Net cash provided by operating activities was ¥87.5 billion, compared with net cash provided by operating activities of ¥34.8 billion in the previous equivalent period. Major factors increasing cash included the recording of profit 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 ¥52.7 billion year on year.

Cash flows from investing activities

Net cash used in investing activities was ¥25.8 billion, compared with net cash used in investing activities of ¥21.6 billion in the previous equivalent period. This outcome was primarily a result of the purchase of property, plant and equipment, which offset proceeds from sale of investment securities.

This was an increase in cash used of ¥4.2 billion year on year.

Cash flows from financing activities

Net cash used in financing activities was ¥64.1 billion, compared with net cash used in financing activities of ¥41.9 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 September 30, 2024, amounted to ¥64.7 billion, down ¥0.8 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 six-month period ended September 30, 2024, Fuji Electric has chosen to revise the consolidated forecast for business results for the fiscal year ending March 31, 2025, that was announced together with financial results for the three-month period ended June 30, 2024, on July 25, 2024.

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

(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	111.5	2.5
Ordinary profit	109.5	111.5	2.0
Profit attributable to owners of parent	80.5	86.0	5.5

(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	Operating Profit	Net Sales	Operating Profit
Energy	348.0	31.0	345.0	31.0	(3.0)	0.0
Industry	414.0	36.0	413.0	38.5	(1.0)	2.5
Semiconductor	241.0	35.0	236.0	34.0	(5.0)	(1.0)
Food and Beverage Distribution	106.0	11.2	109.0	12.5	3.0	1.3
Others	55.0	3.7	56.0	3.8	1.0	0.1
Elimination and Corporate	(50.0)	(7.9)	(45.0)	(8.3)	5.0	(0.4)
Total	1,114.0	109.0	111.4	111.5	0.0	2.5