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 ended 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 and the promotion of growth strategies. At the same time, the Company will work toward the strengthening of management foundations. 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 fiscal year ended March 31, 2025, brisk capital investment by manufacturers and data center business operators was seen. These needs were sparked by the growth in investments for achieving decarbonization, developing circular economies, and promoting digitalization. Meanwhile, demand for machine tools was weak due to the lack of economic recovery in China. In addition, electrified vehicle (xEV) market trends varied greatly by region, and growth in this area was lower than expected as a result. At the same time, the trade policies of the United States sparked rising uncertainty in the outlook for the global economy, presenting a need to carefully monitor market trends going forward.

In this environment, Fuji Electric moved forward with initiatives to grow its plant and system operations by taking advantage of the rising demand for substation equipment and in the power supply and facility systems business and the decarbonization needs seen in steel, chemical, and other material industries. At the same time, the Company proceeded to develop and introduce high-value-added products while strengthening its overseas operations. Production areas initiatives included advancing steady preparations for augmenting production capacity for switchboards and power supply systems. In addition, the Company commenced operation of a new SiC power semiconductor production line designed to conduct mass production as needed to respond to demand while also implementing investment plans for bolstering future production capacity. Meanwhile, steps were taken to adapt flexibly to changes in the operating environment, including measures to improve profitability through the optimization of production systems and the promotion of local production and consumption in response to delays in the recovery of component demand.

Due to these factors, increases were seen in the sales of the Energy, Semiconductors, and Food and Beverage Distribution segments, resulting in consolidated net sales in the fiscal year ended March 31, 2025, rising ¥20.2 billion, or 2%, year on year, to a new record high of ¥1,123.4 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 growth in plant and system demand, launches of high-value-added products, increases to product selling prices, cost reduction activities, and foreign exchange influences. As a result, operating profit rose ¥11.6 billion year on year, to ¥117.6 billion, and ordinary profit was up ¥10.9 billion, to ¥118.8 billion, both reaching new record highs. Profit attributable to owners of parent increased ¥16.9 billion, to a new record high of ¥92.2 billion, due to the recording of gains on sales of investment securities recorded under extraordinary profit.

Consolidated results of operations for the fiscal year ended March 31, 2025, were as follows.

(¥ billion)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change
Net sales	1,103.2	1,123.4	20.2
Operating profit	106.1	117.6	11.6
Ordinary profit	107.8	118.8	10.9
Profit attributable to owners of parent	75.4	92.2	16.9

Results by Segment

Energy

Net sales: ¥350.9 billion (up 2% year on year)
Operating profit: ¥32.1 billion (up ¥2.0 billion year on year)

In the Energy segment, net sales and operating profit were up year on year, despite increases in expenses in the power generation business and delays in the recovery of and subsequently declines in demand in the ED&C components business, due to increases in plant and system demand the energy management business and the power supply and facility systems business.

- In the power generation business, net sales were up year on year due to the benefits of large-scale renewable energy projects. Operating results, meanwhile, were down year on year as a result of increases in expenses associated with thermal power and geothermal power generation 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 and operating results were up year on year, regardless of the decreases in large-scale projects from overseas semiconductor manufacturers, due to growth in demand from data centers.
- In the ED&C components business, net sales were down year on year due to delays in the recovery of and subsequently 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: ¥412.4 billion (down 2% year on year)
Operating profit: ¥38.2 billion (up ¥3.9 billion year on year)

In the Industry segment, net sales were down year on year as a result of reduced demand for 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 due to higher demand in the process automation operations of the automation systems business as well as in the social solutions business and the digital transformation solutions business.

- In the automation systems business, net sales and operating results were down year on year due to the impacts of the ongoing inventory adjustment in relation to low-voltage inverters for factory automation applications, which counteracted the benefits of increased demand for drive control systems for process automation applications and other strong performance factories for plant operations.
- In the social solutions business, net sales and operating results were up year on year due to increases in demand for transportation systems.
- 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 fiscal year. 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: ¥236.8 billion (up 4% year on year)

Operating profit: ¥37.1 billion (up ¥0.9 billion year on year)

- In the semiconductor business, net sales for automotive semiconductors were up year on year due to higher domestic demand, the benefits of which outweighed the impacts of the weak overseas demand for power semiconductors for xEVs. Meanwhile, a year-on-year increase was seen in net sales of industrial semiconductors as the declines in domestic demand were counteracted by the increases in demand for semiconductors for renewable energy and other applications overseas. Operating results were up year on year, despite the rise in expenses for bolstering production capacity and the increases in material costs, due to the growth in net sales and the benefits of selling price revisions.

Food and Beverage Distribution

Net sales: ¥111.5 billion (up 4% year on year)

Operating profit: ¥13.9 billion (up ¥5.1 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 the special demand trend seen for automatic change dispensers that stemmed from the issuance of newly designed paper currency in Japan.

Others

Net sales: ¥56.1 billion (down 11% year on year)

Operating profit: ¥3.8 billion (down ¥0.5 billion year on year)

Forecasts for the Fiscal Year Ending March 31, 2026

Forecasts for consolidated business results in the fiscal year ending March 31, 2026, are as follows.
Furthermore, forecasts for the fiscal year ending March 31, 2026, assume exchange rates of US$1 = ¥140, €1 = ¥154, RMB1 = ¥19.8.

(Consolidated Business Results Forecasts) (¥ billion)

	Fiscal year ended March 31, 2025 Results	Fiscal year ending March 31, 2026 Forecasts	Change
Net sales	1,123.4	1,140.0	16.6
Operating profit	117.6	118.0	0.4
Ordinary profit	118.8	116.5	△2.3
Profit attributable to owners of parent	92.2	81.0	△11.2

(Forecasts by Segment) (¥ billion)

	Fiscal year ended March 31, 2025 Results		Fiscal year ending March 31, 2026 Forecasts		Change	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Energy	354.3	36.3	374.5	46.5	20.1	10.2
Industry	400.0	34.0	413.5	40.5	13.5	6.5
Semiconductors	236.8	37.1	223.0	21.5	△13.8	△15.6
Food and Beverage Distribution	111.5	13.9	105.0	12.0	△6.5	△1.9
Others	56.1	3.8	58.0	4.0	1.9	0.2
Elimination and Corporate	△35.4	△7.3	△34.0	△6.5	1.4	0.8
Total	1,123.4	117.6	1,140.0	118.0	16.6	0.4

Effective April 1, 2025, the ED&C components business was transferred from the Energy segment to the Industry segment, the equipment construction business was transferred from the Industry segment to the Energy segment, and certain nuclear power and radiation equipment operations of the Industry segment's social solutions business were transferred to the Energy segment's power generation business. Figures for the fiscal year ended March 31, 2025, have been restated to reflect this change.

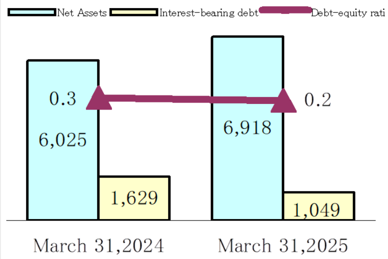
(2)Quantitative Information regarding Consolidated Financial Position

(Unit: 100 Million Yen, Times)

	As of March 31,2024	Proportion (%)	As of March31, 2025	Proportion (%)	Changes
Total assts	12,712	100.0	13,122	100.0	+410
Interest-bearing debt	1,629	12.8	1,049	8.0	△580
Net assets	6,025	47.4	6,918	52.7	+893
Debt-equity raion	0.3		0.2		△0.1

*Net assets＝Total net assets - Non-controlling interests
*Debt-equity ratio＝Interest bearing debt / Net assets

(Unit: 100 Million Yen, Times)



Total assets on March 31, 2025, stood at ¥1,312.2 billion, an increase of ¥41.0 billion from the end of the previous fiscal year. Total current assets were up ¥3.6 billion primarily as a result of an increase in inventories, which counteracted the decrease in accounts receivable-trade. Total non-current assets were up ¥37.4 billion due to an increase in property, plant and equipment.

Interest-bearing debt as of March 31, 2025, amounted to ¥104.9 billion, down ¥58.0 billion from the previous fiscal year-end, due to a decrease in commercial papers. Furthermore, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—decreased ¥55.2 billion from the previous fiscal year-end, amounting to ¥42.2 billion on March 31, 2025.

Net assets on March 31, 2025, were ¥730.7 billion, up ¥69.2 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 non-controlling interests—was up ¥89.3 billion from the previous fiscal year-end, standing at ¥691.8 billion on March 31, 2025. 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.

(¥ billion)

	Fiscal Year ended March 31, 2024	Fiscal Year ended March 31, 2025	Change
Net cash provided by (used in) operating activities	84.9	144.9	60.1
Net cash provided by (used in) investing activities	△62.4	△63.4	△1.0
Free cash flow	22.4	81.5	59.1
Net cash provided by (used in) financing activities	△45.9	△86.2	△40.4
Cash and cash equivalents at end of period	65.5	62.7	△2.9

In the fiscal year ended March 31, 2025, consolidated free cash flow (net cash from operating activities + net cash from investing activities) was a positive ¥81.5 billion, an increase of ¥59.1 billion compared with positive free cash flow of ¥22.4 billion in the previous fiscal year.

Cash flows from operating activities

Net cash provided by operating activities was ¥144.9 billion, compared with net cash provided by operating activities of ¥84.9 billion in the previous fiscal year. Major factors increasing cash included the recording of profit before income taxes. Major factors decreasing cash included decrease in trade payables and increase in inventories.

This was an increase in cash provided of ¥60.1 billion year on year.

Cash flows from investing activities

Net cash used in investing activities was ¥63.4 billion, compared with net cash used in investing activities of ¥62.4 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 ¥1.0 billion year on year.

Cash flows from financing activities

Net cash used in financing activities was ¥86.2 billion, compared with net cash used in financing activities of ¥45.9 billion in the previous fiscal year. This was principally due to decrease in commercial papers as well as to repayments of long-term borrowings and repayments of lease liabilities.

As a result, consolidated cash and cash equivalents on March 31, 2025, amounted to 62.7 billion, down ¥2.9 billion from the previous fiscal year-end.

(3)Basic Policy Regarding Distribution of Earnings and Dividends for the Fiscal Year Ended March 31, 2025, and the Fiscal Year Ending March 31, 2026

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, 2025, forecasted performance for the fiscal year ending March 31, 2026, and our financial position, we plan to pay a year-end dividend of ¥85 per share for the fiscal year ended March 31, 2025, which will make for an annual dividend of ¥160 per share, when including the interim dividend.

We have not yet decided the dividend to be paid for the fiscal year ending March 31, 2026.