

Condensed Transcript of Q&A Session Regarding Financial Results
Presentation for the Nine-Month Period Ended December 31, 2024

Date: January 30, 2025 (Thursday) 16:00–17:10

General

Q. How did performance in the nine-month period ended December 31, 2024, compare to internal forecasts?

A.

• When accounting for foreign exchange influences, increases of billions of yen were seen in both sales and profit. As for segment performance, the Industry segment suffered a downturn in performance while all other segment posted higher sales and profit.

• When excluding foreign exchange influences, net sales were down while operating profit showed an increase of billions of yen.

Q. What factors might cause performance in the fiscal year ending March 31, 2025, to differ from the full-year forecasts announced on January 30, 2025?

A.

• Performance for components is low, and we are taking a conservative outlook toward ED&C components in the Energy segment and factory automation components in the Industry segment. Conversely, performance is expected to surpass forecasts in the Food and Beverage Distribution segment.

Q. What is the forecast for performance in the fiscal year ending March 31, 2026?

A.

• We anticipate that favorable trends in orders for plant systems in the Energy and Industry segment will continue in the fiscal year ending March 31, 2026. Meanwhile, flat growth is projected for factory automation and ED&C components, although performance is expected to recover in the second half of the fiscal year. Performance of automotive semiconductors in the Semiconductor segment is projected to be fall below that seen in the fiscal year ending March 31, 2025, due to uncertainty with regard to demand for electric vehicles (EVs). As for the Food and Beverage Distribution segment, sales of new products are expected to compensate for the absence of the special demand

trend stemming from the issuance of newly designed paper currency in Japan that supported performance in the fiscal year ending March 31, 2025. Overall, we are planning to offset declines in component sales with increases in plant system sales.

Energy / Industry

Q. How will Fuji Electric be impacted by the energy policies of the government administration led by President Donald Trump in the United States?

A.

- In the Energy segment, we are developing geothermal power system and other operations in the United States, but these operations have yet to be affected by the energy policies of the Trump administration.

- As for the Industry segment, it is likely that investment will become more brisk in the oil and gas field. Fuji Electric sells large volumes of low-voltage inverters for oil and gas excavation purposes in the United States, and we anticipate that demand for these inverters will grow going forward. At the same time, we are pursuing new business opportunities by looking to have our high-voltage inverters adopted for long-distance oil transportation applications. Efforts to acquire new orders for these applications were launched in December 2024.

Energy

Q. What is the forecast for full-year orders for data center products in the power supply and facility systems business? Also, how does this forecast differ from the order forecast of the medium-term management plan?

A.

- Full-year orders for data center products in the power supply and facility systems business are expected to increase by 50% year on year. Specifically, orders in Japan will rise by 10% year on year while overseas orders will be roughly double the previous year's amount. These orders are anticipated to contribute to sales in the fiscal years ending March 31, 2026 and 2027. Of the orders received in the fiscal year ending March 31, 2025, around half will contribute to sales in the fiscal year ending March 31, 2026.

- Compared to the order forecast of the medium-term management plan, growth in domestic orders has been a bit slower than anticipated while overseas orders are showing greater-than-anticipated growth. We therefore expect to be able to accomplish the target for the fiscal year ending March 31, 2027, ahead of schedule in the fiscal year ending March 31, 2025. By region, order growth is slow in Singapore, which represents a significant portion of total orders, while orders are up in Malaysia and Australia.

Q. What is difference between Fuji Electric's uninterruptable power supply systems and those of competitors as a back-up power supplies for data centers? Also, have there been any changes in the competitive climate with regard to these systems?

A.

• Fuji Electric specializes in large-capacity uninterruptable power supply systems. There have been no changes in the competitive climate with regard to these systems.

Industry

Q. What were the reasons behind the downward revision to the forecast for full-year Industry segment performance in the fiscal year ending March 31, 2025, in comparison to the prior forecast, which was announced on October 31, 2024? Also, is there any possibility that performance might surpass the revised forecast?

A.

• The downward revision to the forecast for full-year performance in the Industry segment was instituted in light of the ongoing delays in the recovery of demand for low-voltage inverters in the automation systems business. The prior fourth-quarter target for low-voltage inverters was set quite high in comparison to the previous equivalent period, when performance was rather strong. However, the inventory adjustment trend seen among customers is now expected to continue throughout the fourth quarter of the fiscal year ending March 31, 2025. We thus decided to set a new, more conservative target that accounts for how Fuji Electric will be altering production levels in response to the inventory adjustment trends at customers and at the Company itself.

• At the same time, it is possible that some customers may choose to expand their inventories, which could result in performance surpassing the revised forecast.

Q. Have there been any changes to the forecasts for full-year performance in the fiscal year ending March 31, 2025, for the digital transformation solutions business or the equipment construction business in comparison to the forecasts announced on October 31, 2024?

A.

• There have been no changes to the full-year performance forecasts for the digital transformation solutions business or the equipment construction business in comparison.

Q. What steps will be taken to address the trend toward operating profit in the Industry segment being concentrated in the fourth quarter of each year?

A.

- One factor behind the concentration of Industry segment operating profit in the fourth quarter of the fiscal year ending March 31, 2024, was the large amount of advanced orders for low-voltage inverters that were shipped and thus drove up sales in that period.

- We recognize that the concentration of profit in the fourth quarter is an issue, and we have been taking steps to distribute service sales more evenly throughout the fiscal year ending March 31, 2025, via means such as ahead-of-schedule fulfillment of service contracts. Similar improvement measures will be implemented in the fiscal year ending March 31, 2026.

Semiconductor

Q. What changes were seen in net sales in the Semiconductor segment by region in the nine-month period ended December 31, 2024?

A.

- Sales were up in China following growth in demand for solar power and other renewable energy systems.

- A decline in sales was seen in Asia, Europe, and other regions due to lower demand for automotive semiconductors in Europe and the United States.

Q. The technological capabilities of local Chinese manufacturers are constantly rising. Against this backdrop, why are Fuji Electric's sales of products for renewable energy applications growing? Also, what are your strategies for avoiding price competition?

A.

- Plant projects require high-quality and high-reliability products, and major Chinese manufacturers have been embracing Fuji Electric's products due to their offering these qualities. Going forward, we will work to bolster our competitiveness with regard to factors such as performance and reliability.

Q. Why did third-quarter orders for industrial semiconductors rise by 22% in comparison to orders in the second quarter of the fiscal year ending March 31, 2025? Also, what is the outlook for orders in the fourth quarter of this fiscal year and in the fiscal year ending March 31, 2026?

A.

- Foreign exchange influences were a large factor behind the increase in third-quarter orders in comparison to the second quarter of the fiscal year ending March 31, 2025.

- In the fourth quarter of the fiscal year ending March 31, 2025, we project a slight decline in orders, when excluding foreign exchange influences, due to delays in the recovery of demand for factory automation components and the impacts of the Chinese New Year.

- As for the fiscal year ending March 31, 2026, we anticipate a small year-on-year increase in orders as renewable energy-related orders are expected to remain firm and demand for factory automation components is forecast to begin recovering the second half of the fiscal year.

Q. What is the outlook for automotive semiconductors in the fourth quarter and second half of the fiscal year ending March 31, 2025, as well as in the fiscal year ending March 31, 2026?

A.

- When excluding foreign exchange influences, fourth-quarter orders for automotive semiconductors are expected to grow by 34% in comparison to the third quarter of the fiscal year ending March 31, 2025. Meanwhile, orders in the second half of the fiscal year are slated to rise by around 25% in comparison to the first half of the year. The growth in orders is expected to be a product of our efforts to combat reduction in demand among customers in Europe and the United States by revising selling prices.

- We project that the fiscal year ending March 31, 2026, will be a down year as customers in Europe and the United States shift to new models. Recovery in EV demand cannot be anticipated, especially given that the United States is abolishing its programs for encouraging EV purchases, and we are therefore avoiding adopting an overly optimistic outlook.

- Meanwhile, we anticipate slight year-on-year growth in orders for products for hybrid-electric vehicles in Japan in the fiscal year ending March 31, 2026. We will be talking with customers going forward to determine the level of growth that we can expect.

Q. Will the revision of automotive semiconductor selling prices for certain customers affect overall profit ratio in the Semiconductor segment?

A.

- When excluding the selling price revisions, profit ratio are anticipated to decline by a few percentage points.

Q. What were the reasons for the downward revision to performance forecasts for the Semiconductor segment for the fiscal year ending March 31, 2025?

A.

- The downward revision to performance forecasts for the fiscal year ending March 31, 2025, was instituted to reflect the lower-than-anticipated demand for EV products among customers in Europe and the United States.

Q. What is the outlook for Semiconductor segment profit ratio in the fiscal year ending March 31, 2026?

A.

- We do not anticipate sales growth in the fiscal year ending March 31, 2026, as demand is projected to continue to be weak. At the same time, higher costs of capital will likely make it difficult to maintain our current profit ratio. Nevertheless, we will do all we can to prevent declines in profit ratio through means such as determining the best timing for capital investments based on market and demand trends.

Q. What business strategies will implemented in relation to automotive semiconductors going forward?

A.

- Although demand for EVs is currently bearish, the trend toward electrified vehicles is expected to continue over the long term. Accordingly, we do not anticipate any large changes in our business strategies.

Q. How are the levels of semiconductor inventories at Fuji Electric?

A.

- Inventories were up a little on December 31, 2024, due to the declines in automotive semiconductor demand. We will be adjusting production levels in the fourth quarter in order to prevent major inventory gluts.

Q. What is the operating status of the SiC device production line at Fuji Electric Tsugaru Semiconductor Co., Ltd.?

A.

- We began supply of certain devices in December 2024, and the SiC device production line at Fuji Electric Tsugaru Semiconductor is currently operating at around 30% of its full capacity.