April 25, 2025
Fuji Electric Co., Ltd.

Condensed Transcript of Q&A Session Regarding Financial Results Presentation for the Fiscal Year Ended March 31, 2025, and Management Plan for the Fiscal Year Ending March 31, 2026

Date: April 25, 2025 (Friday) 16:00–17:35

General

Q. What impact has the United States' trade policies had on Fuji Electric?

A.

・Sales to the Americas account for around 3% of Fuji Electric's total net sales. It is possible to control the direct impacts of the United States' trade policies via simulations, which could lead to measures such as altering production locations. However, it is more difficult to predict the indirect impacts of these measures on factors such as economic conditions and consumption trends. Accordingly, it will be necessary to ensure diligent responses based on an accurate understanding of the trends.

Q. Given the indirect impacts of the tariff increases and other factors, it seems that Fuji Electric faces various threats that could result in downturns to performance. Should such downturns occur, what steps will be taken to address the situation?

A.

・The degree to which we can compensate for such potential downturns through internal efforts varies from factor to factor, as do the response measures. In general though, I can say that expenses are on the rise in the fiscal year ending March 31, 2026, so our first step in responding to downturns will likely be to cut expenses. Also, Fuji Electric receives payment from customers commensurate to the value it offers. Accordingly, new products present the possibility of improvements to performance.

Q. Is there any possibility that the Company might revise the investment plans contained in the medium-term management plan based on the current operating environment? Also, should investment plans be revised, will the funds freed up be directed toward shareholder returns?

A.

・We do not intend to revise the investment plans contained in the medium-term management plan at this point in time. However, we do look to take a rolling update approach toward decisions pertaining to the medium-term management plan as the operating environment changes.

・The speed of capital investments in the Semiconductors segment will be managed in response to trends in demand.

・Shareholder returns will be a prominent matter considered when examining possible capital measures.

Energy

Q. What businesses will drive performance in the Energy segment during the fiscal year ending March 31, 2026?

A.

・In the fiscal year ending March 31, 2026, the power supply and facility systems business is projected to post net sales that are relatively unchanged from the fiscal year ended March 31, 2025, despite the continuation of favorable trends in orders for data center applications.

・As for the energy management business, we anticipate strong demand for energy storage systems, which contribute to decarbonization as well as to the stabilization of renewable energy supplies. This demand, together with substation systems, is expected to drive performance in this business.

・Operating profit is forecast to improve year on year due to the absence of the approximately ¥1.0 billion in one-time expenses recorded in the fiscal year ended March 31 2025, in associated with factors such as repairs to previously delivered systems.

Q. What level of orders for data center applications was seen in the fiscal year ended March 31, 2025, and what is the forecast for the fiscal year ending March 31, 2026, with this regard? Also, what progress has been seen in approaching North American hyper scalers?

A.

・In the fiscal year ended March 31, 2025, orders for data center applications rose by around 40% year on year. This growth was result of a 10% year-on-year increase in domestic orders and a 90% increase in overseas orders.

・As for the fiscal year ending March 31, 2026, we anticipate a year-on-year increase of 5% in orders for data center applications, when accounting for foreign exchange influences.

・We primarily supply data center operators in Japan and other parts of Asia, but we have seen progress in business negotiations with certain customers in North America. We anticipate that such talks will contribute to growth in the future.

Industry

Q. Why is profitability in the Industry segment forecast to improve in the fiscal year ending March 31, 2026, despite the unfavorable conditions seen in the factory automation market?

A.

・In the fiscal year ending March 31, 2026, we anticipate that the Industry segment will enjoy higher profit centered on factory automation components, ED&C components, and IT solutions.

・Conditions in the component market are projected to recover in the second half of the fiscal year ending March 31, 2026, but the benefits of this recovery in terms of profit are not expected to be particularly high. Meanwhile, we intend to reap the benefits of the efforts to approach new customers that we have been moving forward with since the fiscal year ended March 31, 2024.

・In our smart meter operations in the Indian market, for example, we have obtained local certifications, leading to our receiving our first order in this market in March 2025. We are currently providing samples and engaging in other sales activities aimed at participating in future bids. These efforts are anticipated to generate sales in a scale of between ¥1 billion and ¥2 billion in the fiscal year ending March 31, 2026.

・Demand for ED&C components is anticipated to recover in the second half of the fiscal year as inventories levels at customers return to normal.

・As for IT solutions, we will look to take advantage of demand associated with the renewal timing of projects under the GIGA School Scheme.

Q. To what exactly does the "production equipment for mobility products" described in capital investment plans for the fiscal year ending March 31, 2026, refer?

A.

・At the moment, "production equipment for mobility products" is meant to refer to equipment for manufacturing products for railroad and ship applications. Going forward, we plan to develop components for automobiles. Accordingly, this term may come to also refer to equipment for producing such components in the future.

Semiconductors

Q. How did the selling price revisions instituted in the fourth quarter of the fiscal year ended March 31, 2025, affect net sales and operating profit in the Semiconductor segment?

A.

・The selling price revisions contributed to increases of between ¥5 billion and ¥10 billion in both net sales and operating profit and also resulted in a fourth-quarter improvement in the operating profit ratio.

Q. How were order trends when excluding the benefits of the selling price revisions instituted in the fourth quarter of the fiscal year ended March 31, 2025?

A.

・When excluding the benefits of the selling price revisions, orders increased slightly in the second half of the fiscal year ended March 31, 2025. Meanwhile, orders are expected to be relatively unchanged year on year in the fiscal year ending March 31, 2026.

Q. Why is the Semiconductors segment forecast to see a massive decrease in operating profit in the fiscal year ending March 31, 2026, despite the projected lack of change in cost of capital?

A.

・The major reason behind the projected decrease in operating profit in the fiscal year ending March 31, 2026, is the dissipation of the benefits of the selling price revisions instituted in the fourth quarter of the fiscal year ending March 31, 2026. In addition, we expect operating profit to be affected by declines in sales volumes as well as by the rising raw material prices and higher non-cost of capital fixed costs, the impacts of which are both forecast to amount to billions of yen.

Q. Why is performance in the second half of the fiscal year ending March 31, 2026, expected to be stronger than in the first half?

A.

・Performance in the first half of the fiscal year ending March 31, 2026, will be slightly impacted by the inventory adjustment trend seen among customers for automotive semiconductors. Meanwhile, the second half of the fiscal year is projected to benefit from the emergence of a full-fledged recovery in factory automation component demand. This trend will result in performance in the second half of the fiscal year appearing stronger than in the first half.

Q. How are operating ratios in Si and SiC device production lines?

A.

・In the first quarter of the fiscal year ending March 31, 2026, production lines for Si devices are projected to operate at around 85% capacity while SiC device production lines are operated at about 75% capacity. Production of SiC devices is significantly behind initial expectations, but we are starting up production lines in conjunction with demand nonetheless.

Q. How will the United States' trade policies impact performance in the Semiconductors segment in the fiscal year ending March 31, 2026?

A.

・The direct impacts of the United States' trade policies are expected to have a slight effect on net sales in the fiscal year ending March 31, 2026. As for the indirect impacts, we do not yet have a full understanding of the potential degree of these impacts at this point in time. Accordingly, it will be necessary to assess these impacts going forward.

Q. What business strategies will be adopted going forward given the changes in the market conditions for automotive semiconductors?

A.

・The electrification trend for automobiles is expected to continue over the medium to long term, and Fuji Electric will take a diligent approach toward responding to this trend as appropriate based on demand levels. We are also accelerating efforts to encourage customers to adopt Fuji Electric's specifications when approaching new customers and in other sales activities.