

Financial Performance

(1) Qualitative Information regarding Consolidated Results of Operations

The targets of Fuji Electric's Reiwa Prosperity 2023 medium-term management plan, which concludes with the fiscal year ending March 31, 2024, were accomplished a year ahead of schedule in the fiscal year ended March 31, 2023. Specifically, these targets were net sales of ¥1 trillion and an operating profit ratio of more than 8.0%. To achieve further growth in the fiscal year ending March 31, 2024, the year of the centennial anniversary of Fuji Electric's founding, the Company will move forward with the promotion of growth strategies centered on expanding its power electronics and power semiconductor businesses, the further improvement of profitability through the strengthening of global manufacturing capabilities, and the ongoing reinforcement of operating foundations focused on environmental, social, and governance (ESG) factors, with a particular emphasis on human resources in regard to social factors. In addition, adaptiveness toward operating environment changes will be heightened with the goal of growing sales and profit.

In the nine-month period ended December 31, 2023, brisk capital investment by manufacturers and data center business operators was seen amid constantly growing needs related to vehicle electrification, energy saving, and digital infrastructure. These needs were sparked by the growth in investments for achieving carbon neutrality and promoting digitalization. Meanwhile, the demand for machine tools was weak amid ongoing economic stagnancy in China.

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 all segments, resulting in consolidated net sales in the nine-month period ended December 31, 2023, rising ¥68.9 billion, or 10%, year on year, to ¥759.7 billion.

Although profit was impacted by high material and energy prices as well as by rising expenses for research and development and production capacity augmentations, overall profit was buoyed by sales volume growth coupled with the benefits of increases to product selling prices, cost reduction activities, and foreign exchange influences. As a result, consolidated operating profit rose ¥15.2 billion year on year, to ¥57.7 billion; ordinary profit was up ¥15.4 billion, to ¥56.6 billion; and net profit attributable to owners of parent increased ¥8.3 billion, to ¥37.3 billion. New record highs were posted for net sales, operating profit, ordinary profit, and net profit attributable to owners of parent.

Consolidated results of operations for the nine-month period ended December 31, 2023, were as follows.

	(¥ billion)		
	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2023	Change
Net sales	690.8	759.7	68.9
Operating profit	42.4	57.7	15.2
Ordinary profit	41.3	56.6	15.4
Profit attributable to owners of parent	29.0	37.3	8.3

Results by Segment

Energy

Net sales: ¥229.3 billion (up 2% year on year)

Operating profit: ¥14.4 billion (down ¥0.8 billion year on year)

In the Energy segment, net sales were up year on year primarily due to higher demand in the power supply and facility systems business while operating profit was down year on year as a result of reduced 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 industrial applications and for power supply equipment.
- In the power supply and facility systems business, net sales and operating results improved year on year as a result of increases in projects from data centers and semiconductor manufacturers.
- In the ED&C components business, net sales and operating results were down year on year due to reductions in demand from finished machinery manufacturers and for semiconductor production equipment.

Industry

Net sales: ¥279.1 billion (up 15% year on year)

Operating profit: ¥11.5 billion (up ¥7.3 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 social solutions business and the equipment construction business.

- In the automation systems business, net sales and operating results were up year on year largely as a result of increased production of factory automation components.
- In the social solutions business, net sales and operating results were up year on year due to increases in orders for nuclear power- and radiation-related equipment.
- In the equipment construction business, net sales and operating results were up year on year as a result of the recording of large-scale orders for air-conditioning equipment construction.
- In the IT solutions business, net sales were up year on year due to higher demand for large-scale public- and academic-sector projects while operating results were down because of differences in profitability between projects.

Semiconductor

Net sales: ¥166.5 billion (up 13% year on year)

Operating profit: ¥26.4 billion (up ¥4.0 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). The growth in sales 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: ¥79.5 billion (up 16% year on year)

Operating profit: ¥6.9 billion (up ¥4.0 billion year on year)

- In the vending machine business, net sales and operating results improved year on year because of growth in demand in Japan and the benefits of cost reduction activities.
- In the store distribution business, net sales and operating results were up year on year due to higher orders for counter fixtures combined with growth in demand for convenience store equipment renovations.

Others

Net sales: ¥46.7 billion (up 8% year on year)

Operating profit: ¥3.0 billion (up ¥0.5 billion year on year)

Note: Following organizational reforms conducted effective October 1, 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, 2023	Breakdown (%)	December 31, 2023	Breakdown (%)	Change
Total assets	1,181.6	100.0	1,194.5	100.0	+12.9
Interest-bearing debt	183.3	15.5	175.2	14.7	(8.1)
Equity*1	517.1	43.8	548.6	45.9	+31.5
Debt-to-equity ratio*2 (times)	0.4		0.3		(0.1)

*1 Equity = Total net assets – Non-controlling interests

*2 Debt-to-equity ratio = Interest-bearing debt/ Equity

Total assets on December 31, 2023, stood at ¥1,194.5 billion, an increase of ¥12.9 billion from the end of the previous fiscal year. Total current assets were up ¥3.2 billion primarily as a result of increases in contract assets and inventories, which offset the decreases in cash and deposits and notes and accounts receivable-trade. Total noncurrent assets were up ¥9.7 billion due to an increase in property, plant and equipment.

Interest-bearing debt as of December 31, 2023, amounted to ¥175.2 billion, down ¥8.1 billion from the previous fiscal year-end. Furthermore, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—increased ¥24.1 billion from the previous fiscal year-end, amounting to ¥123.2 billion on December 31, 2023.

Net assets on December 31, 2023, were ¥604.3 billion, up ¥32.2 billion from the previous fiscal year-end. This outcome was because of higher retained earnings. In addition, equity—total net assets net of non-controlling interests—was up ¥31.5 billion from the previous fiscal year-end, standing at ¥548.6 billion on December 31, 2023. The debt-to-equity ratio (interest-bearing debt ÷ equity) was 0.3 times, down 0.1 times from the previous fiscal year-end. Also, the net debt-to-equity ratio (net interest-bearing debt ÷ equity) was 0.2 times, unchanged 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 nine-month period ended December 31, 2023, Fuji Electric has chosen to revise the consolidated forecast for business results for the fiscal year ending March 31, 2024, that was announced together with financial results for six-month period ended September 30, 2023, on October 26, 2023.

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

(Consolidated Forecasts for the Fiscal Year Ending March 31, 2024)

(¥ billion)

	Previous announcement	Today's announcement	Change
Net sales	1,060.0	1,070.0	10.0
Operating profit	96.0	100.0	4.0
Ordinary profit	94.5	99.0	4.5
Profit attributable to owners of parent	64.5	68.0	3.5

(Reference: Consolidated Forecasts for the Fiscal Year Ending March 31, 2024, by Segment)

(¥billion)

	Previous announcement		Today's announcement		Change	
	Sales	Operating profit	Sales	Operating profit	Sales	Operating profit
Energy	332.0	27.0	331.0	26.3	(1.0)	(0.7)
Industry	406.0	32.6	410.0	32.9	4.0	0.3
Semiconductor	223.0	34.3	224.0	35.7	1.0	1.4
Food and Beverage Distribution	99.0	6.5	104.0	7.7	5.0	1.2
Others	60.0	3.8	61.0	4.2	1.0	0.4
Elimination and Corporate	(60.0)	(8.2)	(60.0)	(6.8)	0.0	1.4
Total	1,060.0	96.0	1,070.0	100.0	10.0	4.0