

Consolidated Financial Results for FY2023

Fuji Electric Co., Ltd.
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Good afternoon. This is Arai, in charge of Corporate Management Planning Headquarters.

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1. FY2023 Results

(YoY Comparison)

I would like to present the financial results for FY2023 in comparison to the previous year.

New record highs for net sales, operating profit, ordinary profit, profit attributable to owners of parent and operating profit ratio

	(Billion yen)				(Billion yen)
	FY2022	FY2023	Change		
Net Sales	1,009.4	1,103.2	93.8	Change of Net Sales	
Operating Profit (Operating Profit Ratio)	88.9 (8.8%)	106.1 (9.6%)	17.2 (0.8%)	Gain on translation of earnings of overseas subsidiaries	+24.2
Ordinary Profit	87.8	107.8	20.0	Demand Increase	+69.6
Extraordinary Profit	7.9	6.2	-1.7	Change of Operating Profit	
Profit before Income Taxes	95.7	114.0	18.3	Increase in sales and production volumes	+26.5
Profit Taxes	27.1	32.0	4.8	Increase in fixed costs	-20.4
Profit attributable to Non-controlling Interests	7.3	6.7	-0.6	Exchange rate effect	+4.4
Profit attributable to Owners of Parent	61.3	75.4	14.0	Others*	+6.7
					+17.2
				*cost reduction, price fluctuations, sales mix changes and others	
				Change of Non-operating Profit	
				Net interest expense	(-0.5 1.7 → 1.2)
				Foreign exchange gain	(+3.6 -1.1 → 2.4)
				Others	(-0.2 -1.7 → -1.9)
					(+2.8 -1.1 → 1.8)
				Change of Extraordinary Profit	
				Gain on sales of investment securities	(-3.1 9.9 → 6.9)
				Others	(+1.3 -2.0 → -0.6)
					(-1.7 7.9 → 6.2)

(Period-End rate : End of March)		(Yen)		
	FY2022	FY2023	Change	
US\$	133.53	151.41	17.88	
EURO	145.72	163.24	17.52	
RMB	19.42	20.83	1.41	

(Average Exchange Rate)		(Yen)		
	FY2022	FY2023	Change	
US\$	135.47	144.62	9.15	
EURO	140.97	156.80	15.83	
RMB	19.75	20.14	0.39	

In short, the P&L results exceeded expectations.

We achieved record highs in net sales, operating profit, ordinary profit, and profit attributable to owners of parent.

Net sales increased 93.8 billion yen, y-o-y, to 1 trillion 103.2 billion yen. Excluding the effect of exchange rates which came to 24.2 billion yen, demand actually increased by 69.6 billion yen. Operating profit was up 17.2 billion yen to 106.1 billion yen, up 19%, y-o-y, with profit margin of 9.6%, up 0.8% from the previous year.

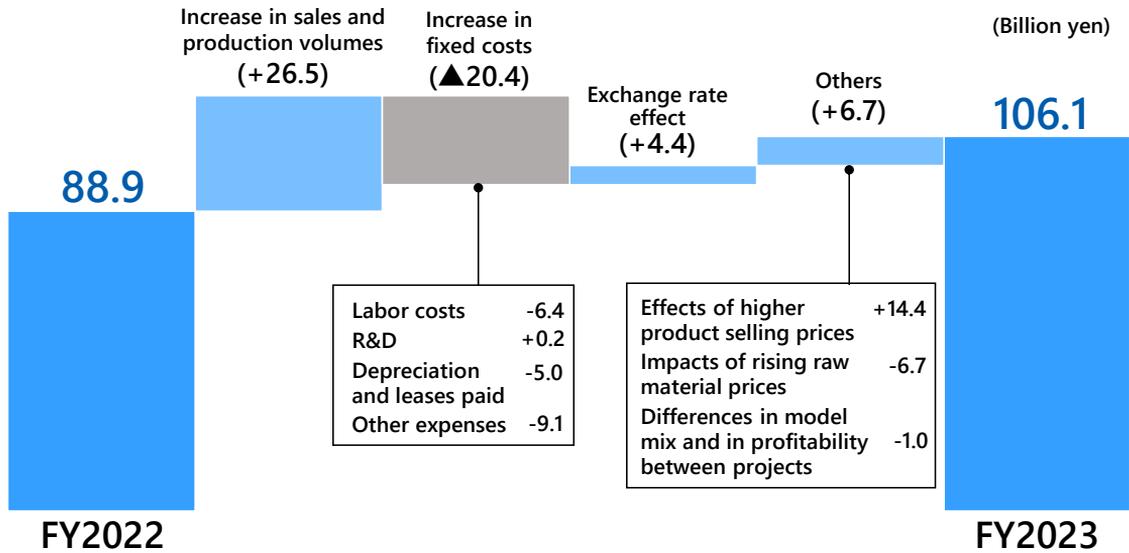
Net interest expense down 50.0 billion yen was due partly to reduction of cross shareholdings. Largely in part to foreign exchange gain of 3.6 billion yen, resulting in total, non-operating profit of 2.8 billion yen.

Ordinary profit increased 20.0 billion yen, year-on-year, to 107.8 billion yen. Extraordinary loss was down 1.7 billion yen, at 6.2 billion yen.

As mentioned earlier, with extraordinary profit, we recorded profit on sales of investment securities in the previous year of 9.9 billion yen, which came down to 6.9 billion yen, lower by 3.1 billion yen.

Profit attributable to owners of parent was 75.4 billion yen, an increase of 14 billion yen, or 23% from the previous year.

Higher profit, despite impacts from rising material cost and fixed costs such as labor cost, due to increases in product selling price and sales and production volumes



Next, is a waterfall chart showing breakdown of changes in operating results for FY2023.

Increases in sales and production volume of 26.5 billion yen came from Automotive business in Semiconductor segment, Power Supply and Facility Systems business, Substation Equipment business, Factory Automation business and Store Distribution business. On the other hand, fixed costs increased, including labor cost by 6.4 billion yen and capital expenses(depreciation and leases paid), mainly related to Semiconductors segment, increased 5 billion yen, and Other expenses, increased 9.1 billion yen, but with progress in businesses, such controllable expenses and outsourcing cost increased, resulting in a total of 20.4 billion yen increase in fixed costs, a negative 20.4 billion yen impact on the bottom line.

Depreciation of the Japanese yen resulted in positive effect of 4.4 billion yen and 6.7 billion yen from others. Surge in raw materials prices of 6.7 billion yen and differences in model mix and in profitability between projects of 1 billion yen is included, but these were offset by increasing selling prices of 14.4 billion yen.

Higher net sales and operating results in all segments,
Operating profit ratio of more than 8%

(Billion yen)

	FY2022			FY2023			Change		
	Net Sales	Operating Profit	Operating Profit Ratio	Net Sales	Operating Profit	Operating Profit Ratio	Net Sales	Operating Profit	Operating Profit Ratio
Energy	333.3	28.6	8.6%	342.8	30.1	8.8%	9.5	1.6	0.2%
Industry	369.8	26.8	7.2%	419.9	34.3	8.2%	50.1	7.5	0.9%
Semiconductors	206.2	32.2	15.6%	228.0	36.2	15.9%	21.8	4.0	0.3%
Food and Beverage Distribution	95.3	4.4	4.6%	107.3	8.8	8.2%	12.0	4.5	3.6%
Others	59.8	3.7	6.3%	63.2	4.3	6.8%	3.4	0.6	0.6%
Elimination and Corporate	-54.9	-6.7	-	-57.9	-7.6	-	-3.0	-0.9	-
Total	1,009.4	88.9	8.8%	1,103.2	106.1	9.6%	93.8	17.2	0.8%

※Figures for FY2022 have been restated to reflect the reorganization of the former Power Generation segment.

Next, net sales and operating profit by segment for FY2023.

Net sales and operating profit were higher in all segments.

Operating profit ratio were above 8% in all of the segments, with ratio of nearly 16% for Semiconductors, resulting in total operating profit ratio of 9.6%.

Business Results by Segment for FY2023 (YoY Comparison) ①

(Billion yen)

		FY2022 Results	FY2023 Results	Change	Overview
Energy	Net Sales	333.3	342.8	9.5 +6.9*	<p>Power Generation: Lower net sales and operating results (Net Sales Decreased by 12%) Decrease in net sales due to the absence of large-scale renewable energy projects recorded in the previous fiscal year, and also decrease operating results as a result of the lower net sales and the increases in expenses associated with large-scale projects</p> <p>Energy Management: Higher net sales and operating results (Net Sales Increased by 17%) Increase in net sales and operating results as a result of increases in large-scale orders for substation equipment for industrial applications and for power supply equipment despite the impacts of a decline in large-scale orders from solar power generation facilities</p>
	Operating Profit	28.6	30.1	1.6 +0.8*	<p>Power Supply and Facility Systems: Higher net sales and operating results (Net Sales Increased by 15%) Increase in net sales and operating results as a result of increases in projects from data centers and semiconductor manufacturers</p> <p>ED&C Components: Lower net sales and operating results (Net Sales Decreased by 10%) Decrease in net sales and operating results due to reductions in demand from finished machinery manufacturers and for semiconductor production equipment</p>

* Exchange rate effect

※Figures for FY2022 have been restated to reflect the reorganization of the former Power Generation segment.

Looking at the results by segment in more detail;

Energy segment had net sales of 342.8 billion yen, up 9.5 billion yen, operating profit up 1.6 billion yen to 30.1 billion yen.

There are 4 businesses with 2 of them doing strong while the other 2 not doing well. Power Generation segment did not do well, with lower net sales and operating results, due to an absence of large-scale project recorded in the previous fiscal year and higher expenses in the large-scale projects resulting in decrease in both net sales and operating profit from the previous fiscal year.

The other businesses which did not do well was ED&C components business, with poor performance in domestic as well as overseas markets for finished machinery manufacturers and for semiconductor production equipment, resulting in huge decrease in net sales and operating profit from the previous year.

The other 2 businesses that did well were;

Energy Management saw substantial increase both in net sales and operating profit as result of achieving large scale orders for substation equipment for industrial applications in Japan, and power supply equipment in the US.

The other business that did well was Power Supply and Facility Systems business, recording higher net sales as well as operating profit as projects from data centers and semiconductor manufacturers increased. Overseas subsidiary saw large increase in both net sales and operating profit, making contribution to the business.

Business Results by Segment for FY2023 (YoY Comparison) ②

		FY2022 Results	FY2023 Results	Change	Overview
Industry	Net Sales	369.8	419.9	50.1 +7.5*	<p>Automation Systems: Higher net sales and operating results (Net Sales Increased by 9%) Increase in net sales and operating results largely as a result of increased production of factory automation components</p> <p>Social Solutions: Higher net sales and operating results (Net Sales Increased by 22%) Increase in net sales and operating results due to increases in orders for nuclear power- and radiation-related equipment</p>
	Operating Profit	26.8	34.3	7.5 +1.1*	<p>Equipment Construction: Higher net sales and operating results (Net Sales Increased by 23%) Increase in net sales and operating results as a result of the recording of large-scale orders for air-conditioning equipment construction</p> <p>IT solutions: Higher sales while operating results unchanged (Net Sales Increased by 15%) Increase in net sales due to increases in large-scale projects while operating results were relatively unchanged because of differences in profitability between projects</p>

* Exchange rate effect

※ Figures for FY2022 have been restated to reflect the reorganization of the former Power Generation segment.

Next, Industry segment was up 50.1 billion yen in net sales to 419.9 billion yen, operating profit up 7.5 billion yen to 34.3 billion yen, y-o-y.

There are 4 business under Industry as well, with all 4 recording increase in net sales and operating profit.

In Automation Systems business, with increased production of factory automation components, low pressure inverters etc, net sales and operating profit grew.

Social Solutions business recorded substantially higher net sales as well as operating profit, from the previous year, due to increases in orders for nuclear power and radiation-related equipment.

3rd is Equipment Construction business, which also recorded higher net sales and operating profit, with large order for air-conditioning equipment construction.

IT Solutions business saw higher net sales large projects compared to the previous year but operating profit remained flat due to differences among the projects.

Business Results by Segment for FY2023 (YoY Comparison) ③

(Billion yen)

		FY2022 Results	FY2023 Results	Change	Overview												
Semiconductors	Net Sales	206.2	228.0	21.8 +9.5*	<p>Increase in net sales due to growth in demand for power semiconductors for electrified vehicles (xEVs), the benefits of which offset the impacts of declines in production and sales seen in the fourth quarter as a result of factors affecting component procurement. The growth in sales led to operating results improving, despite the rise in expenses for bolstering power semiconductor production capacity and the increases in material costs.</p> <table border="1"> <thead> <tr> <th></th> <th>FY2022</th> <th>FY2023</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>Industrial</td> <td>106.0</td> <td>102.4</td> <td>-3.6</td> </tr> <tr> <td>Automotive</td> <td>100.2</td> <td>125.6</td> <td>25.4</td> </tr> </tbody> </table>		FY2022	FY2023	Change	Industrial	106.0	102.4	-3.6	Automotive	100.2	125.6	25.4
		FY2022	FY2023	Change													
Industrial	106.0	102.4	-3.6														
Automotive	100.2	125.6	25.4														
	Operating Profit	32.2	36.2	4.0 +2.6*													
Food and Beverage Distribution	Net Sales	95.3	107.3	12.0	<p>Vending Machines: Higher net sales and operating results (Net Sales Increased by 6%) Increase in net sales and operating results because of growth in demand in Japan and the benefits of cost reduction activities.</p>												
	Operating Profit	4.4	8.8	4.5	<p>Store Distribution: Higher net sales and operating results (Net Sales Increased by 19%) Increase in net sales and operating results due to higher large-scale orders for counter fixtures combined with growth in demand for convenience store equipment renovations</p>												

* Exchange rate effect

Next, for Semiconductors segment, net sales came to 228 billion yen, up 21.8 billion yen with operating profit up 4 billion yen to 36.2 billion yen. There was a month or two in the 4th quarter in which component procurement did not happen due to the factors related to the component procurement manufacturer, resulting in declines in production and sales. Also, with bolstering of power semiconductor production capacity and increase in capital costs as well as raw material costs, we were able to record profit with increased net sales and/or cost reduction measures.

The table on the slide show net sales for Industrial and Automotive with Industrial sales slightly lower to 102.4 billion yen while Automotive business saw a large increase of 25.4 billion yen to 125.6 billion yen. Automotive business was instrumental in increasing the profit.

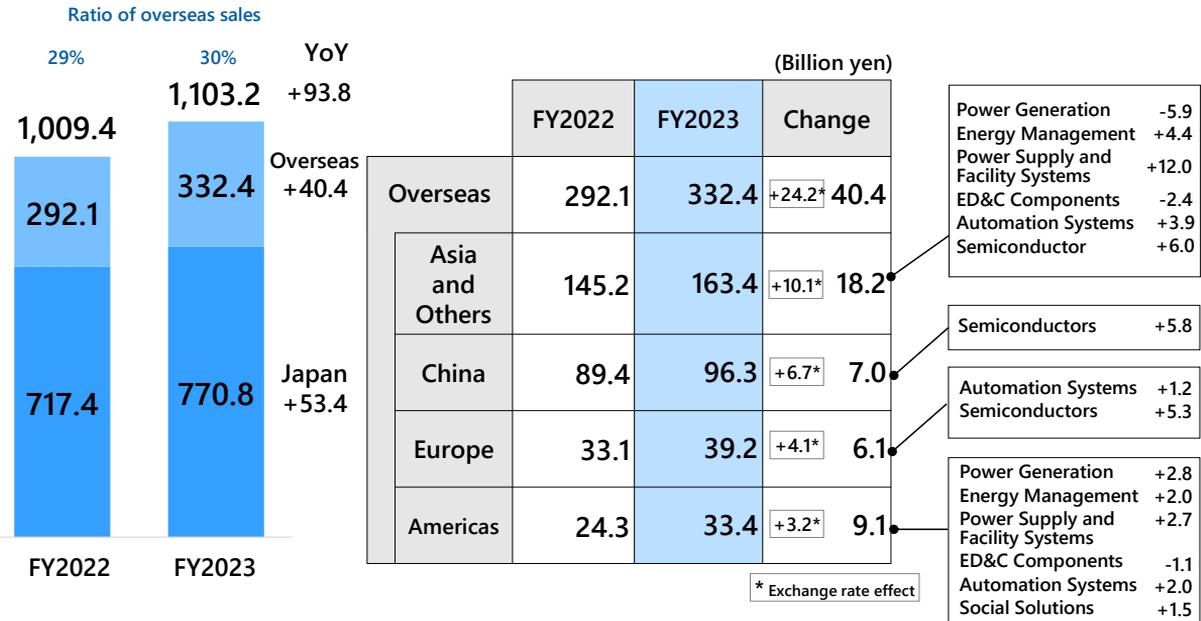
For Food and Beverage Distribution segment, net sales were up 12 billion yen to 107.3 billion yen with operating profit of 8.8 billion yen, up 4.5 billion yen, y-o-y.

Vending Machines business saw increase in net sales and operating profit due to growth in demand in Japan and benefits of cost reduction activities. In FY 2022 and 2023, special factors of more than minus 2 billion yen respectively, related to a customer in China were included, but if we exclude this factor, the profitability of Vending Machine business will be in double digits.

Store Distribution business grew y-o-y due to higher large-scale orders for counter fixtures combined with growth in demand for convenience store equipment renovations.

Net Sales by Japan and Overseas Area for FY2023 (YoY Comparison)

Sales up in Asia and all other regions



※Figures for FY2022 have been restated to reflect the reorganization of the former Power Generation segment.

Next, y-o-y comparison of net sales for Japan and overseas area.

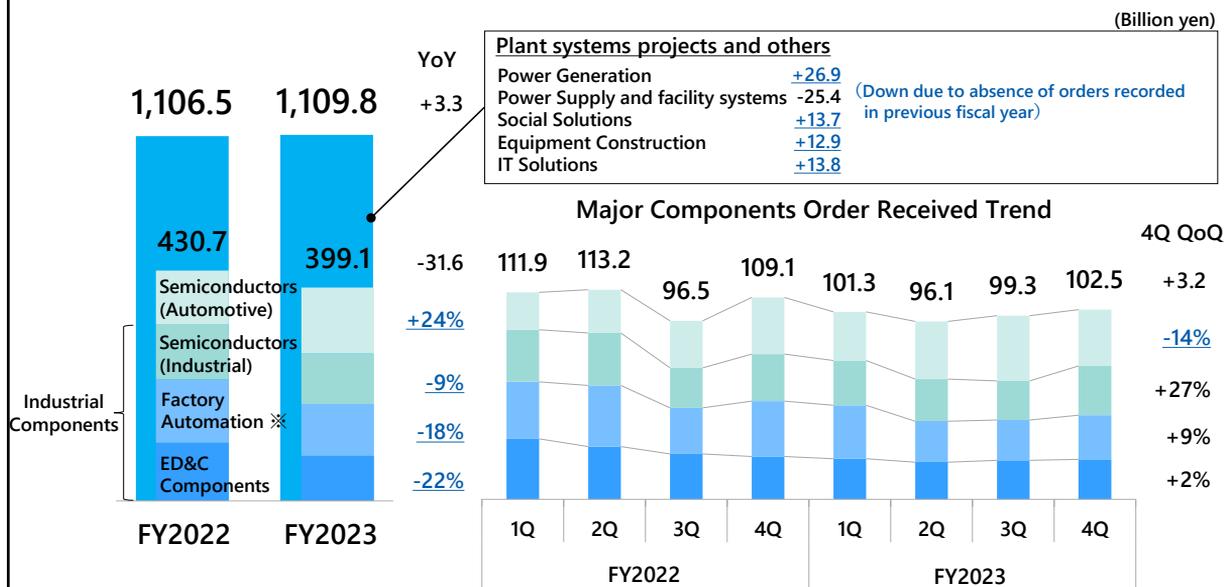
Net sales for overseas were up 40.4 billion yen to 332.4 billion yen.

For Japan, it was up 53.4 billion yen to 770.8 billion yen. 40.4 billion yen increase overseas came mainly from Asia. Other regions also show growth. Except for China, where if we exclude foreign exchange impact, it will be almost flat y-o-y, reflecting the bad market conditions.

Asia and others was up 18.2 billion yen, Europe, up 6.1 billion yen, and Americas up 9.1 billion yen.

Breakdown of Changes in Amount of Orders Received by Segment for FY2023 (YoY Comparison)

Lower orders for industrial components, large increase in orders for automotive semiconductors and plant systems
Delay in automotive semiconductor order fulfillment in fourth quarter due to difficulty in procuring components



※Factory Automation : low-voltage inverters, motors, FA components and measuring instruments

※Figures for FY2022 have been restated to reflect the reorganization of the former Power Generation segment.

Next is the breakdown of changes in amount of orders received by segment, Orders received in FY 2023 totaled 1 trillion 109.8 billion yen, up 3.3 billion yen y-o-y.

Industrial Components was down 31.6 billion yen, at 399.1 billion yen, while Plant System saw rise in the amounts of orders, Automotive business in Semiconductors was up 24% y-o-y, while Industrial business was down 9%, Factory Automation business was down 18%, ED&C Components business down 22%, from FY 2022. The quarterly trends from FY 2022 to FY2023 is shown on the right.

Quarter-on-Quarter growth is shown on the far right, with Industrial business, Semiconductor up 27%, Factory Automation business and ED&C business also up from the previous quarter, but Semiconductor segment, Automotive business was down 14%, due to the supply suspension by number of component manufacturers impacting orders, net sales and operating profit.

2. FY2023 Results

(Comparison with Forecasts on Jan. 31, 2024)

Next is the comparison of FY 2023 results against the forecast announced January 31, 2024.

Summary of Consolidated Financial Results for FY2023 (Comparison with Forecasts on Jan. 31, 2024)

Sales and profit higher than forecasts announced on January 31, 2024, in all segments

(Billion yen)

	Forecasts (January 31, 2024)	FY2023 Results	Change
Net Sales	1,070.0	1,103.2	+15.0* 33.2
Operating Profit	100.0	106.1	+1.9* 6.1
Operating Profit Ratio	9.3%	9.6%	0.3%
Ordinary Profit	99.0	107.8	8.8
Profit attributable to Owners of Parent	68.0	75.4	7.4

	Forecasts (January 31, 2024)		FY2023 Results		Change	
	Net Sales	Operating Profit	Net Sales	Operating Profit	Net Sales	Operating Profit
Energy	331.0	26.3	342.8	30.1	+2.5* 11.8	+0.1* 3.8
Industry	410.0	32.9	419.9	34.3	+5.2* 9.9	+0.5* 1.4
Semiconductors	224.0	35.7	228.0	36.2	+7.1* 4.0	+1.4* 0.5
Food and Beverage Distribution	104.0	7.7	107.3	8.8	3.3	1.1
Others	61.0	4.2	63.2	4.3	2.2	0.1
Elimination and Corporate	-60.0	-6.8	-57.9	-7.6	2.1	-0.8
Total	1,070.0	100.0	1,103.2	106.1	33.2	6.1

* Exchange rate effect

Net sales exceeded the plan by 33.2 billion yen, operating profit by 6.1 billion yen, operating profit ratio by 0.3%, ordinary profit by 8.8 billion yen, profit attributable to owners of parent by 7.4 billion yen. All in all, landing substantially higher than the plan.

By segments, all segments saw net sales and operating profit exceed the plan;
 In Energy segment, by 11.8 billion yen and 3.8 billion yen,
 Industry segment, by 9.9 billion yen and 1.4 billion yen,
 Semiconductor segment, by 4 billion yen and 0.5 billion yen,
 Food and Beverage Distribution segment, by 3.3 billion yen and 1.1 billion yen respectively,
 landing stronger than plan.

3. Balance Sheet Cash Flow Statement

Next is the y-o-y comparison of the Balance Sheet at the end of FY2022 and FY2023.

Consolidated Balance Sheet at the End of FY2023 (YoY Comparison)

Assets

	3/31/23	3/31/24	Change
Cash and deposit	84.7	66.2	-18.5
Notes and account receivables-trade, Contract assets	388.5	430.1	41.6
Inventories	198.7	226.1	27.4
Other current assets	41.7	40.6	-1.0
Total current assets	713.6	763.1	49.5
Property, plant and equipment	283.9	311.5	27.5
Intangible assets	24.0	25.5	1.4
Investments and other assets	160.0	171.1	11.1
Total long-term assets	467.9	508.1	40.1
Deferred assets	0.1	0.0	-0.0
Total assets	1,181.6	1,271.2	89.6
ROE	12.4%	13.5%	1.1%
ROIC	10.2%	11.5%	1.3%
Equity ratio	43.8%	47.4%	3.6%
Net interest-bearing debt ^{※1}	99.1	97.4	-1.7
Net D/E ratio(times) ^{※2}	0.2	0.2	-0.0

Liabilities and Net Assets

(Billion yen)

	3/31/23	3/31/24	Change
Notes and account payables-trade	201.6	207.4	5.8
Interest-bearing debts	183.3	162.9	-20.4
Other liabilities	224.6	239.4	14.8
Total liabilities	609.5	609.7	0.2
Share capital	47.6	47.6	-
Capital surplus	46.0	46.0	-
Retained earnings	364.9	423.1	58.2
Treasury shares	-7.4	-7.4	-0.0
Shareholders' equity	451.1	509.3	58.2
Accumulated other comprehensive income	66.0	93.2	27.2
Non-controlling interests	55.0	59.0	4.0
Total net assets	572.1	661.5	89.4
Total liabilities and net assets	1,181.6	1,271.2	89.6

※1 Net interest-bearing debt: Interest-bearing debt – Cash and cash equivalents

※2 Net D/E ratio: Net interest-bearing debt ÷ Equity

Expansion of the business and net sales led to increase in Notes and Account Receivables-trade and Contract assets and Inventories.

Fixed assets mainly in Semiconductors increased.

Total assets came to 1trillion 271.2 billion yen, up 89.6 billion yen, y-o-y.

Consolidated Cash Flows for FY2023 (YoY Comparison)

(Billion yen)

		FY2022	FY2023
I	Cash Flows from Operating Activities	116.2	84.9
II	Cash Flows from Investing Activities	-49.5	-62.4
I + II	Free Cash Flow (FCF)	66.7	22.4
III	Cash Flows from Financing Activities	-77.2	-45.9
IV	Cash and Cash Equivalents at End of Period	84.2	65.5

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Cash and deposits were down 18.5 billion yen, to reduce net interest-bearing debt by 1.7 billion yen to 97.4 billion yen, resulting in Net D/E ratio of less than 0.2 times. ROE was 13.5%, ROIC, 11.5% and Equity ratio was higher than the previous year at 47.4%, enhancing our financial strength.

Next is the y-o-y comparison of the consolidated cash flows. Cash flow from operating activities was 84.9 billion yen for FY2023, down 31.3 billion yen, y-o-y.

Internal reserves increased 20 billion yen, but accounts tradeable in FY2023 increased substantially with asset decreasing approximately 50 billion yen compared to the end of the previous fiscal year.

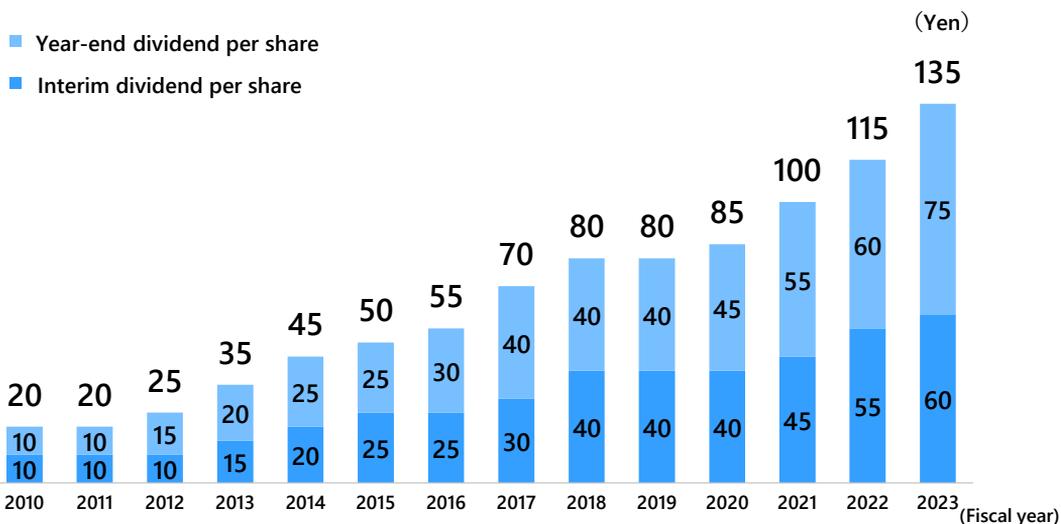
Cash flows from investing activities were down 62.4 billion yen, down 12.9 billion yen due to investment mainly in Semiconductors and decrease in the sale of cross shareholding.

Free Cash Flow was 22.4 billion yen.

4. Dividend of Surplus

Lastly, on dividend of surplus.

Year-end dividends of 75 yen per share



Dividend payout ratio	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	18.9%	24.2%	13.6%	25.5%	23.0%	23.3%	19.2%	26.5%	28.4%	39.7%	29.0%	24.3%	26.8%	25.6%

※Dividend figures for prior to the reverse stock split (the fiscal years ended March 31, 2011 to 2018, and the six-month period ended September 30, 2018) are per five shares.

Year-end dividends per share is 75 yen, an increase of 15 yen y-o-y. The annual dividend comes to 135 yen, up 20 yen from the previous year, Our basic policy is to maintain stable and continuous dividend.

We will continue to increase profitability so that we can provide rise in dividend in FY2024 and beyond.

Thank you for your attention.

5. Reference

■ ED&C Components amount of orders received

	4Q QoQ	4Q YoY	Annual YoY
All	+2%	-7%	-22%
Japan	-5%	-15%	-27%
Overseas	+22%	+19%	-6%

■ Low-voltage inverters amount of orders received

All	+29%	-21%	-35%
Japan	-6%	-38%	-45%
Overseas	+46%	-14%	-29%

■ Semiconductor amount of orders received

All	+1%	+2%	+7%
Industrial	+27%	+5%	-9%
Automotive	-14%	0%	+24%

■ Vending machines amount of orders received

All	+9%	-4%	+5%
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