

## Financial Performance

### (1) Qualitative Information regarding Consolidated Results of Operations

The fiscal year ending March 31, 2023, will be an important year for working toward the targets of the Reiwa Prosperity 2023, the five-year medium-term management plan slated to conclude with the fiscal year ending March 31, 2024. In the fiscal year ended March 31, 2022, an operating margin of 8.2% was achieved. In pursuit of greater improvements with this regard, the Company is moving 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. These efforts are aimed at accomplishing our target of net sales of ¥1 trillion in the fiscal year ending March 31, 2024.

In the nine-month period ended December 31, 2022, ongoing capital investment by manufacturers and data center business operators was seen amid growing needs related to vehicle electrification, energy saving, and digital infrastructure. These needs were sparked by the global movement toward decarbonization and the accelerated digitalization trend. Meanwhile, capital investment in China was sluggish due to the impacts of the COVID-19 pandemic. The outlook remains opaque as a result of the impacts on global supply chains of factors such as rising energy costs and high material prices stemming from the rapid depreciation of the Japanese yen as well as material shortages.

In this environment, production capacity increases for power semiconductors were carried out in response to robust demand while ongoing steps were taken to optimize supply chains, including forming relationships with multiple suppliers and altering designs to use alternative parts in order to address the difficulties in procuring certain parts.

Due to these factors, increases were seen in the sales of all segments, despite the limitation on production from parts shortages, resulting in consolidated net sales in the nine-month period ended December 31, 2022, rising ¥70.8 billion, or 11%, year on year, to ¥690.8 billion

Although high material and energy prices impacted income, overall income 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 income rose ¥9.8 billion year on year, to ¥42.4 billion; ordinary income was up ¥7.1 billion, to ¥41.3 billion; and net income attributable to owners of parent increased 3.6 billion, to ¥29.0 billion. New record highs were posted for net sales, operating income, ordinary income, and net income attributable to owners of parent.

Consolidated results of operations for the nine-month period ended December 31, 2022, were as follows.

	(¥ billion)		
	Nine-month period ended December 31, 2021	Nine-month period ended December 31, 2022	Change
Net sales	620.0	690.8	70.8
Operating income	32.7	42.4	9.8
Ordinary income	34.1	41.3	7.1
Net income attributable to owners of parent	25.4	29.0	3.6

## Results by Segment

### Power Electronics Energy

**Net sales: ¥180.2 billion (up 16% year on year)**

**Operating income: ¥15.3 billion (up ¥6.0 billion year on year)**

In the Power Electronics Energy segment, net sales and operating income were up year on year primarily as a result of higher demand in the power supply and facility systems business and the ED&C components business.

- In the energy management business, net sales and operating results were down year on year as a result of the absence of large-scale orders for substation equipment for industrial applications recorded in the previous equivalent period.
- In the power supply and facility systems business, net sales and operating results improved year on year as a result of substantially higher demand for projects from data centers and semiconductor manufacturers in Japan and overseas.
- In the ED&C components business, net sales and operating results improved year on year due to higher demand from manufacturers of machine tools, semiconductor production equipment, and other finished equipment. Such demand was particularly notable among manufacturers in Japan.

### Power Electronics Industry

**Net sales: ¥233.1 billion (up 6% year on year)**

**Operating income: ¥3.8 billion (down ¥2.5 billion year on year)**

In the Power Electronics Industry segment, net sales were up year on year as a result of higher demand in the IT solutions business coupled with the benefits of foreign exchange influences. Meanwhile, operating income was down year on year due to high material prices and reductions in production following difficulties in procuring parts.

- In the automation systems business, net sales were up year on year as the benefits of foreign exchange influences outweighed the impacts of the COVID-19 pandemic seen in China. Operating results, however, were down year on year due to the high prices for materials and the effects on production from difficulties in procuring parts felt centered on low-voltage inverters and FA components.
- In the social solutions business, net sales and operating results were down year on year due to decreases in ship- and railcar-related orders.
- In the equipment construction business, net sales were up year on year as a result of higher demand for electrical equipment construction while operating results were down year on year due to increases in material and equipment prices.
- In the IT solutions business, net sales and operating results were up year on year due to higher demand for large-scale academic- and private-sector projects.

### Semiconductor

**Net sales: ¥146.9 billion (up 13% year on year)**

**Operating income: ¥22.5 billion (up ¥3.3 billion year on year)**

- In the semiconductor business, net sales increased year on year, despite the repercussions of withdrawing from magnetic disk operations, due to growth in demand for power semiconductors for electrified vehicles (xEVs) and for industrial applications as well as to the benefits of foreign exchange influences. The growth in sales and increased production levels resulted from high operating ratios led to improvements in operating results, despite the rise in expenses for bolstering power semiconductor production capacity and the increases in material and energy costs.

### **Power Generation**

**Net sales: ¥55.7 billion (up 26% year on year)**

**Operating income: ¥0.2 billion (compared with operating loss of ¥1.1 billion in the previous equivalent period)**

· In the power generation business, net sales and operating income was up year on year due to the benefits of large-scale renewable energy projects and differences in profitability between projects.

### **Food and Beverage Distribution**

**Net sales: ¥68.4 billion (up 5% year on year)**

**Operating income: ¥2.9 billion (up ¥1.3 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, which counteracted the negative impacts of a Chinese subsidiary recording an allowance for doubtful accounts.

· In the store distribution business, net sales and operating results were down year on year due to the absence of large-scale orders for automatic change dispensers recorded in the previous equivalent period.

### **Others**

**Net sales: ¥43.2 billion (up 10% year on year)**

**Operating income: ¥2.5 billion (up ¥0.8 billion year on year)**

Note: Effective April 1, 2022, the businesses included in the Power Electronics Energy segment and the Power Electronics Industry segment were reorganized in conjunction with changes to organizational structures.

Figures for the nine-month period ended December 31, 2021, have been restated to reflect this change.

**(2) Quantitative Information regarding Consolidated Financial Position**

(¥ billion)

	March 31, 2022	Breakdown (%)	December 31, 2022	Breakdown (%)	Change
Total assets	1,117.1	100.0	1,149.2	100.0	+32.1
Interest-bearing debt	208.4	18.7	204.9	17.8	(3.5)
Equity* <sup>1</sup>	472.9	42.3	483.3	42.1	+10.4
Debt-to-equity ratio* <sup>2</sup> (times)	0.4		0.4		0.0

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

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

Total assets on December 31, 2022, stood at ¥1,149.2 billion, an increase of ¥32.1 billion from the end of the previous fiscal year. Total current assets were up ¥16.5 billion primarily as a result of increases in contract assets and inventories, which offset the decrease in notes and accounts receivable-trade. Total noncurrent assets were up ¥15.6 billion due to an increase in property, plant and equipment, which outweighed the reduction in investment securities that stemmed from sales of applicable securities and a decrease resulted from valuation difference on available-for-sale securities.

Interest-bearing debt as of December 31, 2022, amounted to ¥204.9 billion, down ¥3.5 billion from the previous fiscal year-end. Furthermore, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—decreased ¥8.8 billion from the previous fiscal year-end, amounting to ¥108.3 billion on December 31, 2022.

Net assets on December 31, 2022, were ¥535.2 billion, up ¥11.5 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 ¥10.4 billion from the previous fiscal year-end, standing at ¥483.3 billion on December 31, 2022. The debt-to-equity ratio (interest-bearing debt ÷ equity) was 0.4 times, unchanged 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, 2022, Fuji Electric has chosen not to revise the consolidated forecast for business results for the fiscal year ending March 31, 2023, that was announced together with financial results for six-month period ended September 30, 2022, on October 27, 2022

The forecast assumes exchange rates of US\$1 = ¥135, €1 = ¥135, and RMB1 = ¥19.5 for the period from January 1, 2023, onward.

(Consolidated Forecasts for the Fiscal Year Ending March 31, 2023) (¥ billion)

	Previous announcement	New announcement	Change
Net sales	985.0	985.0	0.0
Operating income	87.0	87.0	0.0
Ordinary income	88.0	88.0	0.0
Net income attributable to owners of parent	59.5	59.5	0.0

(Reference: Consolidated Forecasts for the Fiscal Year Ending March 31, 2023, by Segment)

(¥billion)

	Previous announcement		Today's announcement		Change	
	Net sales	Operating income (loss)	Net sales	Operating income (loss)	Net sales	Operating income (loss)
Power Electronics Energy	252.0	26.6	252.0	26.6	0.0	0.0
Power Electronics Industry	355.0	25.6	355.0	25.6	0.0	0.0
Semiconductor	204.0	31.3	204.0	31.3	0.0	0.0
Power Generation	82.0	4.1	82.0	4.1	0.0	0.0
Food and Beverage Distribution	93.0	4.2	93.0	4.2	0.0	0.0
Others	55.0	3.3	55.0	3.3	0.0	0.0
Elimination and Corporate	(56.0)	(8.1)	(56.0)	(8.1)	0.0	0.0
Total	985.0	87.0	985.0	87.0	0.0	0.0