

Management Plan for FY2023

April 27, 2023

Fuji Electric Co., Ltd.

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1. Challenges identified in relation to FY2023 medium-term management plan

- Further improvement of earning power
- Expansion of overseas operations

2. Formulation of next medium-term management plan

2. FY2023 Management Plan

(YoY Comparison)

Summary of Consolidated Financial Results for FY2023 (YoY Comparison)

New record highs once again reached for net sales, operating income, and net income attributable to owners of parent

(Billion yen)	FY2022 Results	FY2023 Management Plan	Change	(Reference) FY2023 Medium-Term Management Plan
Net Sales	1,009.4	1,050.0	-12.7* 40.6	1,000.0
Operating Income	88.9	94.0	-5.4* 5.1	80.0
Operating Margin Ratio.	8.8%	9.0%	0.2%	8.0%
Net Income Attributable to Owners of Parent	61.3	62.5	1.2	55.0

【Financial Indicators】

* Exchange rate effect

Net D/E Ratio※	0.2 times	0.1 times	- 0.1 times	0.1 times
Equity Ratio	43.8 %	47.4 %	3.6 %	50.0 %
ROA (Return on Assets)	5 %	5 %	—	5 %
ROE (Return on Equity)	12 %	12%	—	11 %

※ Net interest-bearing debt ÷ Equity

	US\$	EURO	RMB
FY2023 Exchange Rate	¥125.00	¥135.00	¥18.50
Sensitivity of operating income to foreign exchange influences (Million yen)※	+ 60	+ 140	+ 290

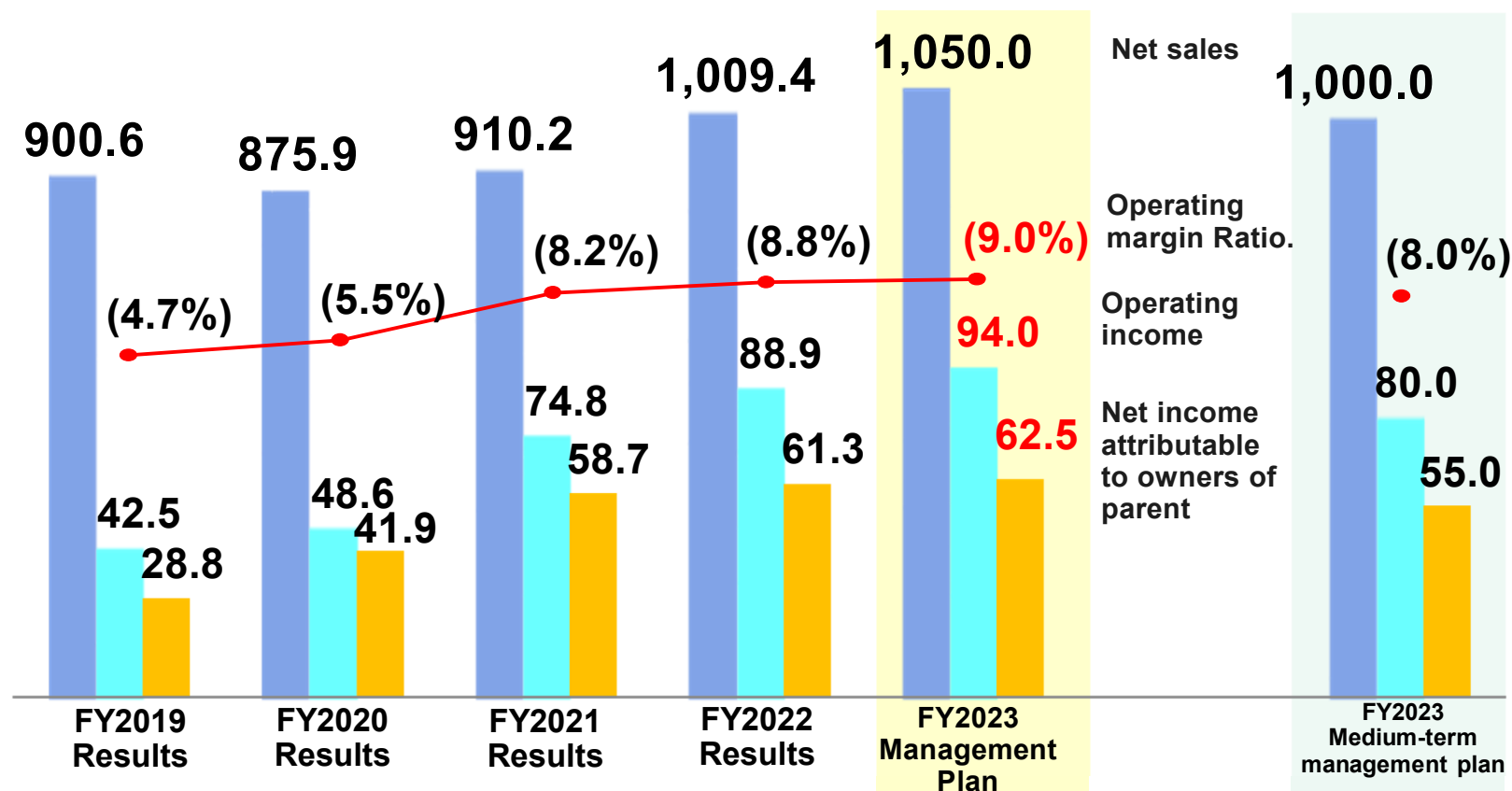
※ US\$ and EURO: Impact of ¥1-fluctuation / RMB: Impact of 1% fluctuations

※ Foreign exchange rate assumptions used when formulating FY2023 medium-term management plan :
¥105/US\$, ¥123/EURO, ¥16/RMB

Performance and Major Indicators

Emphasis on improving profit from FY2023

(Billion yen)

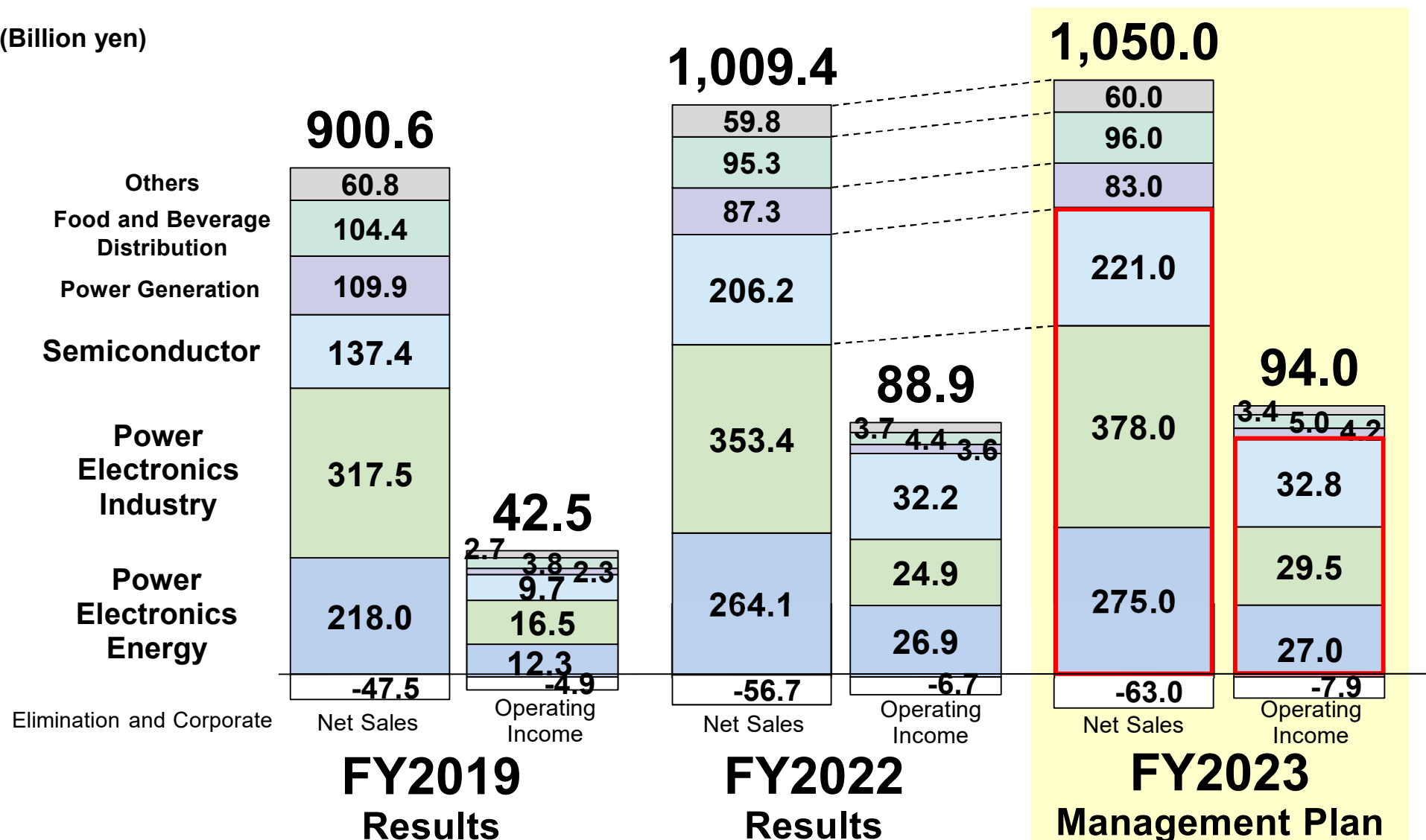


Equity ratio	37%	40%	42%	44%	47%	50%
ROE	8%	11%	13%	12%	12%	11%
ROA	3%	4%	5%	5%	5%	5%
Net D/E Ratio	0.4 times	0.3 times	0.2 times	0.2 times	0.1 times	0.1 times

Segment Performance

Performance driven by growth fields of power electronics and semiconductors

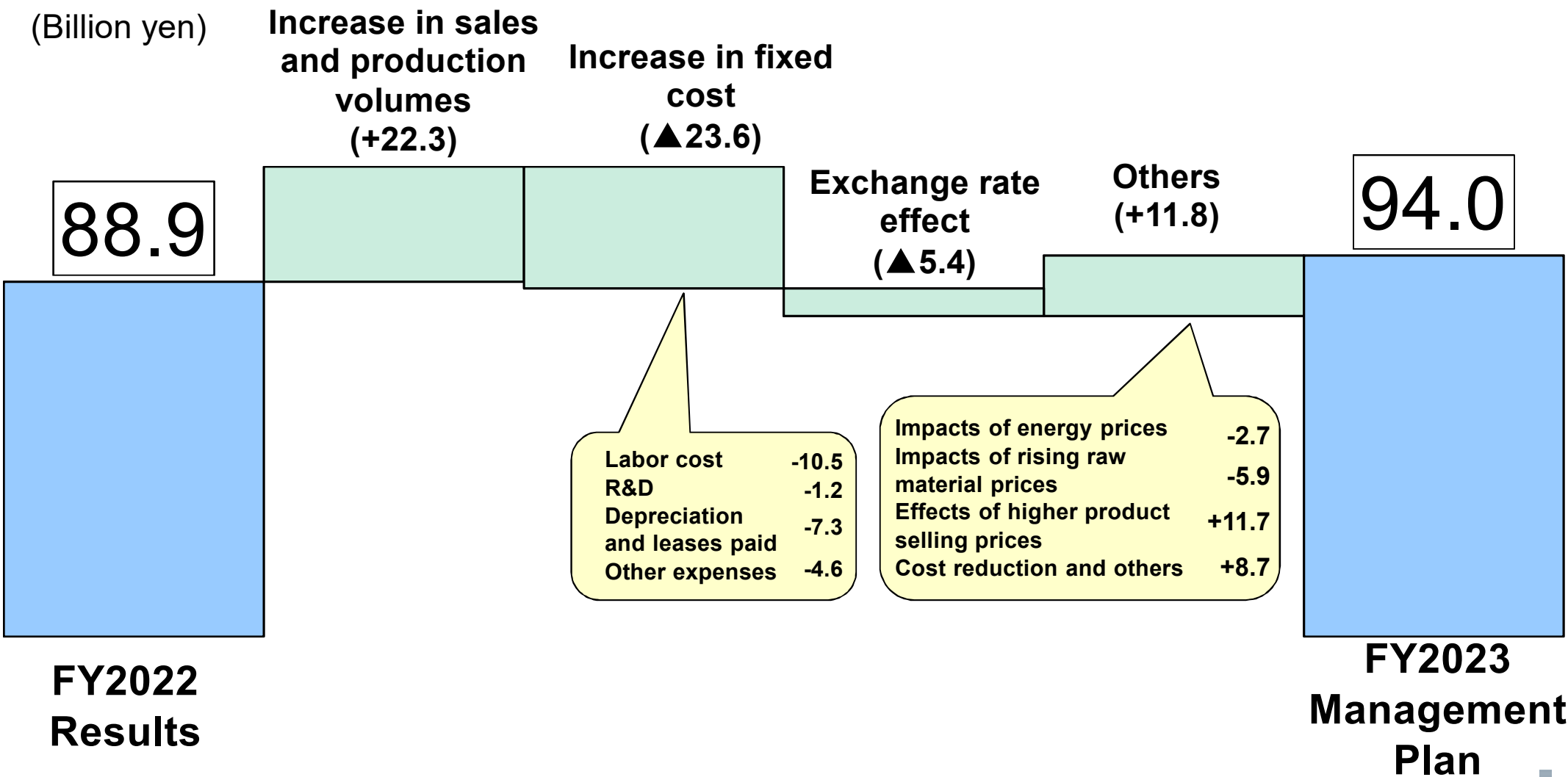
(Billion yen)



Note: Figures for FY2019 performance reflect the business reorganization undertaken in the FY2022.

Breakdown of Changes in Operating Results for FY2023 (YoY Comparison)

Despite higher material and energy prices and fixed costs and impacts of unfavorable foreign exchange influences, operating income up due to sales and production volume growth coupled with the benefits of increases to product selling prices and cost reduction activities



Net Sales and Operating Income by Segment for FY2023 (YoY Comparison)

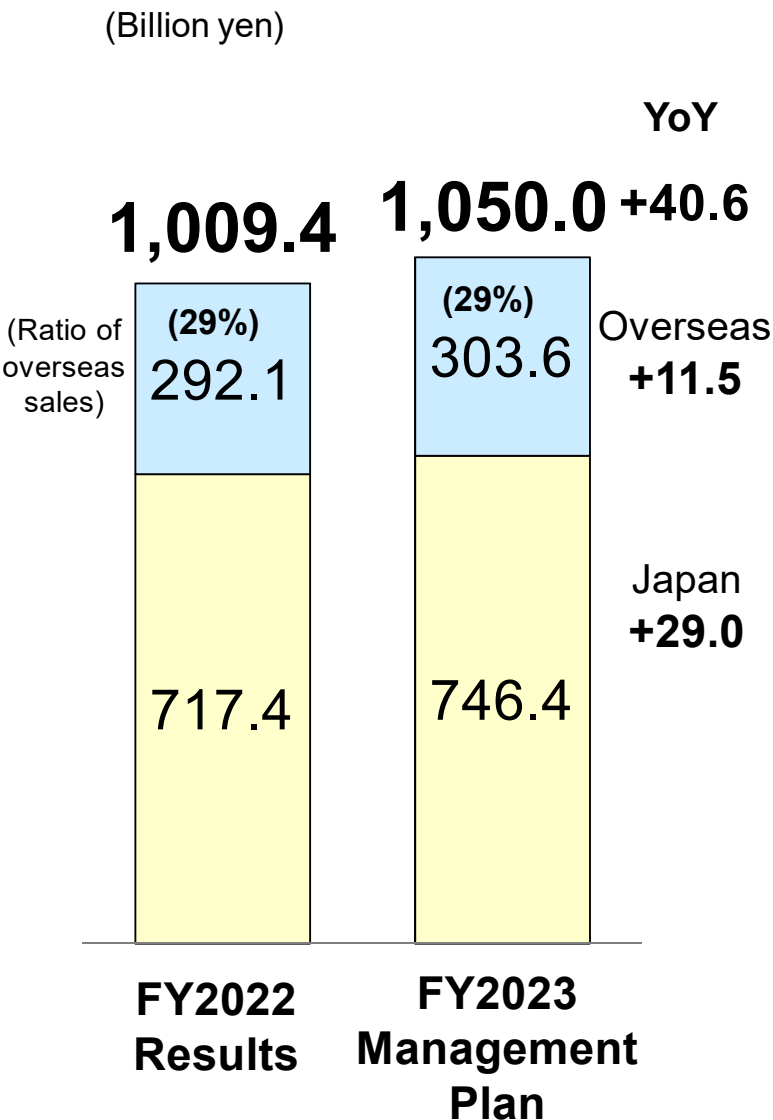
Year-on-year income increases projected in all segments

(Billion yen)	FY2022 Results			FY2023 Management Plan			Change				
	Net Sales	Operating Income/Loss	Operating Margin Ratio.	Net Sales	Operating Income/Loss	Operating Margin Ratio.	Net Sales	Operating Income/Loss	Operating Margin Ratio.		
Power Electronics Energy	264.1	26.9	10.2%	275.0	27.0	9.8%	-2.2*	10.9	-0.6*	0.1	-0.4%
Power Electronics Industry	353.4	24.9	7.0%	378.0	29.5	7.8%	-4.3*	24.6	-1.4*	4.6	0.8%
Semiconductor	206.2	32.2	15.6%	221.0	32.8	14.8%	-5.5*	14.8	-3.5*	0.6	-0.8%
Power Generation	87.3	3.6	4.1%	83.0	4.2	5.1%	-4.3	0.6	0.6	1.0%	
Food and Beverage Distribution	95.3	4.4	4.6%	96.0	5.0	5.2%	0.7	0.6	0.6	0.6%	
Others	59.8	3.7	6.3%	60.0	3.4	5.7%	0.2	-0.3	-0.3	-0.6%	
Elimination and Corporate	-56.7	-6.7	-	-63.0	-7.9	-	-6.3	-1.2	-1.2	-	
Total	1,009.4	88.9	8.8%	1,050.0	94.0	9.0%	-12.7*	40.6	-5.4*	5.1	0.1%

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

Increases in plant and systems projects in Asia and the Americas

(Billion yen)



(Billion yen)

	FY2022 Results	FY2023 Management Plan	Change
Overseas	292.1	303.6	-12.7* 11.5
Asia and Others	145.2	145.0	-3.8* -0.2
China	89.4	92.8	-4.5* 3.5
Europe	33.1	34.4	-2.7* 1.2
Americas	24.3	31.4	-1.8* 7.0

Energy Management **+3.0**
Power Supply and Facility Systems **+5.8**
ED&C Components **-1.9**
Automation Systems **+1.4**
Semiconductor **-3.0**
Power Generation **-6.8**

Automation Systems **+0.7**
Semiconductor **+1.6**

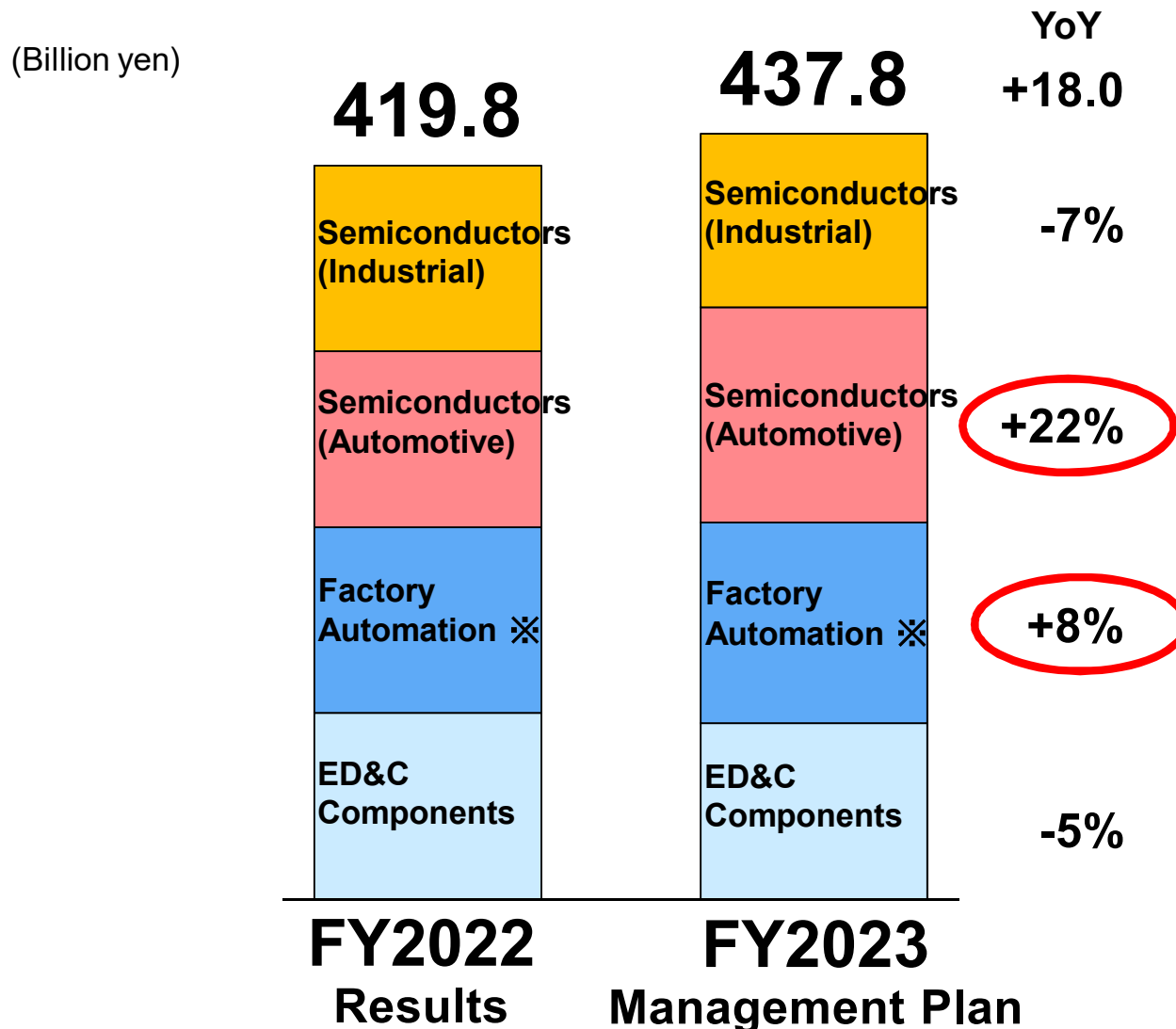
Power Supply and Facility Systems **-0.8**
Automation Systems **+1.0**
Semiconductor **+1.0**

Energy Management **+2.7**
Power Supply and Facility Systems **+2.5**
ED&C Components **-0.8**
Social Solutions **+0.9**
Power Generation **+1.5**

* Exchange rate effect

Major Components in Amount of Sales for FY2023 (YoY Comparison)

Semiconductor performance driven by automotive semiconductors
Higher sales of power electronics factory automation systems supported by robust order backlog



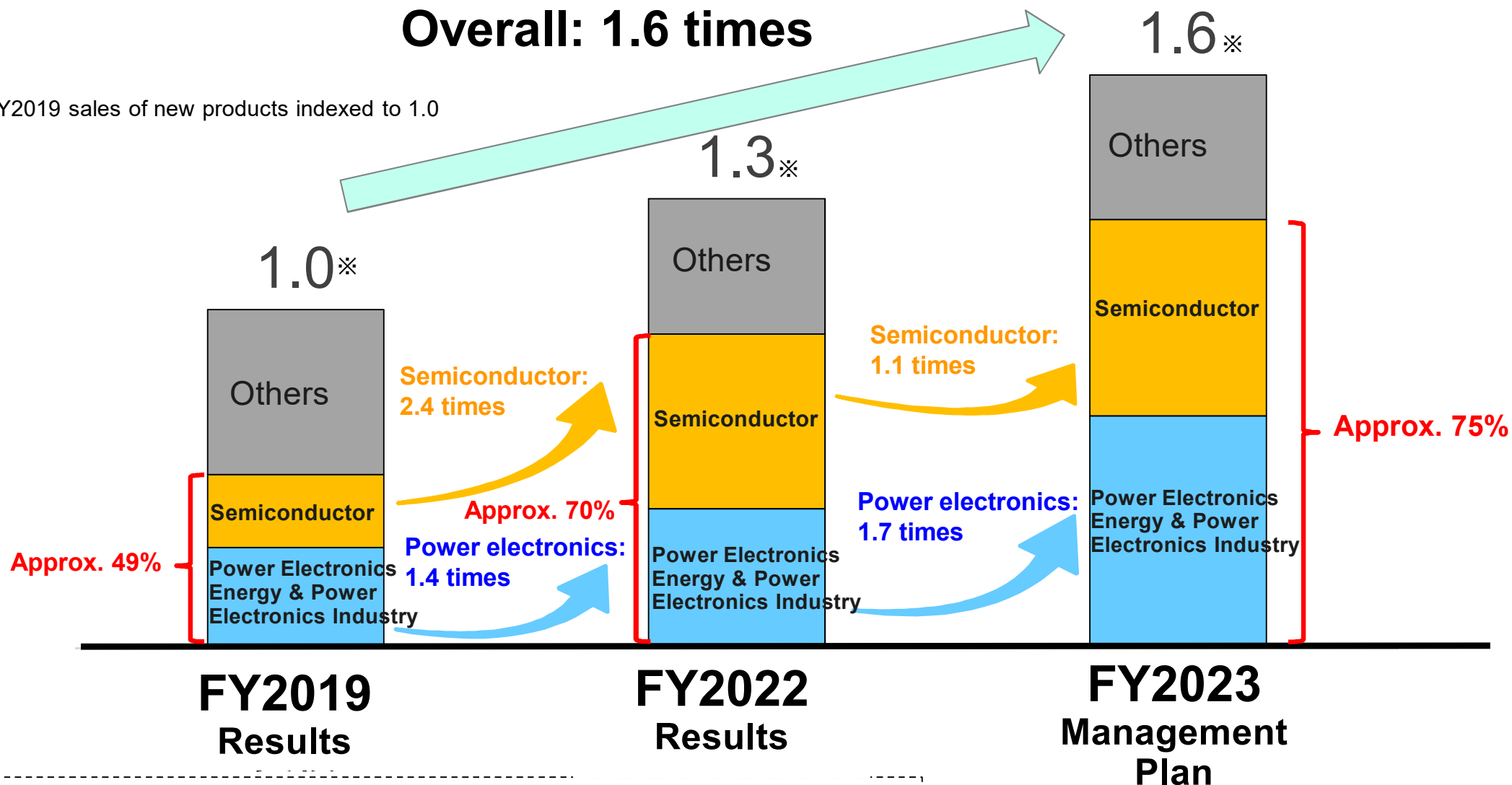
※Factory Automation : low-voltage inverters, motors, FA components and measuring instruments

Sales Contributions from New Products

Growth of sales of power electronics and semiconductors following introduction of new products

Overall: 1.6 times

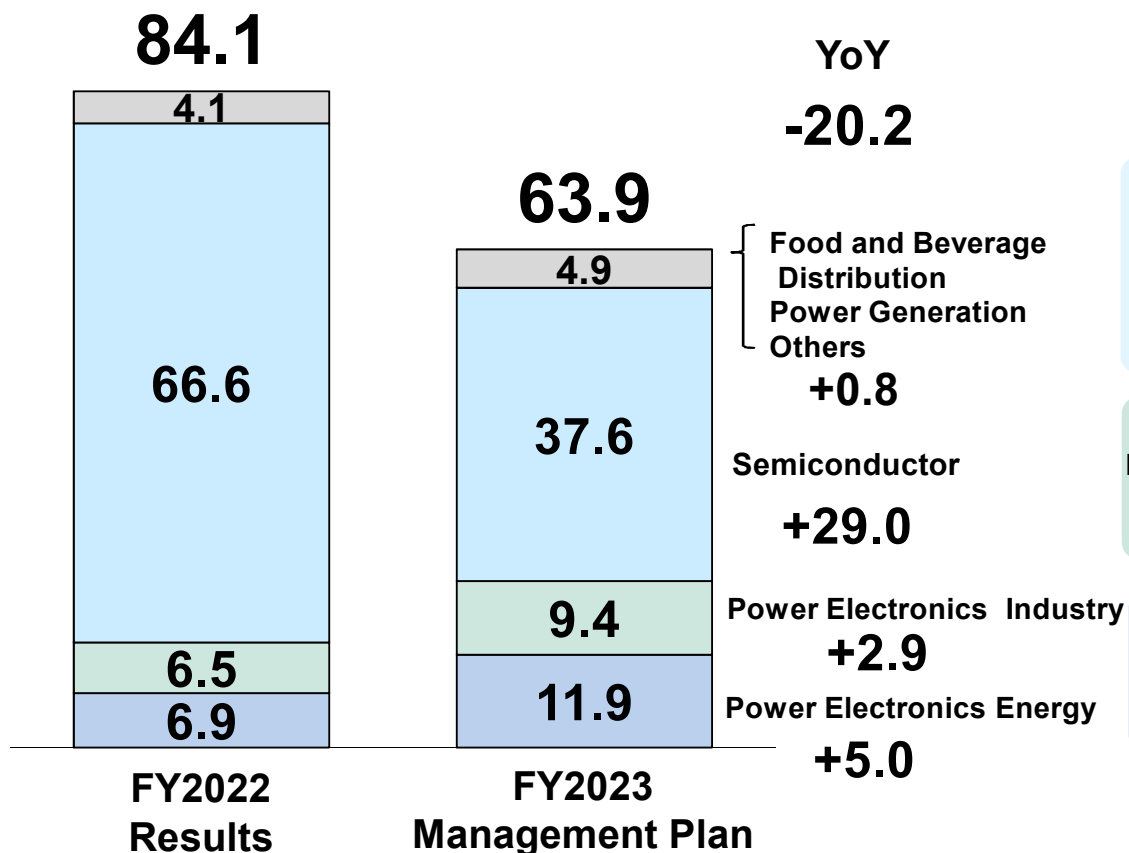
※ FY2019 sales of new products indexed to 1.0



Note: Figures above reflect new products launched over the period from FY2019 to FY2023 ("new products" are defined as those products that have been on the market for five or fewer years).

Ongoing investment in bolstering production capacity of power electronics and power semiconductors

(Billion yen)



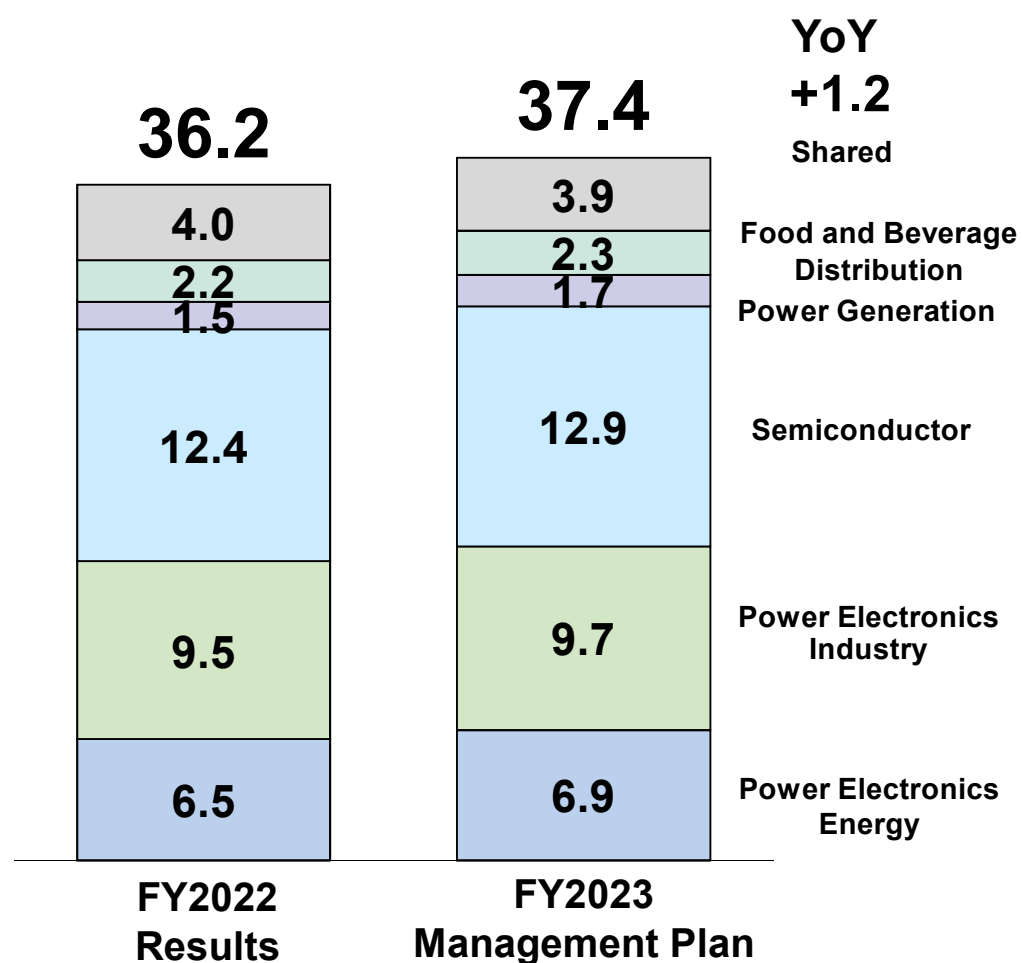
< Major Investments in FY2023 >

- Semiconductor**
 - Increases to front-end production capacity (SiC, Si 8-inch)
 - Increases to back-end production capacity (automotive modules)
- Power Electronics Industry**
 - Expansion of in-house production at overseas factories
 - Augmentation of production capacity at domestic factories
- Power Electronics Energy**
 - Introduction of development-use testing equipment
 - Installation of cutting-edge ED&C component production equipment

Research and Development for FY2023 (YoY Comparison)

**Continuously aggressive investments in power electronics and power semiconductors
Accelerated development of new products to fuel medium- to long-term growth**

(Billion yen)



< Major Development Themes for FY2023 >

Food and Beverage Distribution

- High-value-added energy saving and eco-friendly products
- New products for new markets and fields

Power Generation

- New products for renewable energy and decentralized power supply applications
- New service-related products

Semiconductor

- SiC / IGBT module for automotive
- Expansion of high-capacity industrial module
- 8th-generation industrial IGBTs and 3rd generation SiC

Power Electronics Industry

- Promotion of platform application and development
- Products for overseas for plant
- Mobility field products
- DX products

Power Electronics Energy

- Products for overseas (Transformers, Molded-case transformers, GIS, Electrical Switchboards etc.)
- Carbon neutral and eco-friendly products (Storage battery systems, EMS)
- Expansion of high-capacity UPS

※ Figures for R&D expenditures above have been divided by segment based on theme and may therefore differ from the figures contained in the consolidated financial report.

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

**Improvement in financial constitution while conducting ongoing growth investments
Balance sheet streamlining through downsizing of cash and deposits and interest-bearing debt**

Assets

	3/31/23	3/31/24	Change
Cash and time deposit	84.7	45.0	-39.7
Notes and account receivables, trade receivables	388.5	394.4	5.9
Inventories	198.7	207.0	8.3
Other current assets	41.7	43.8	2.1
Total current assets	713.6	690.2	-23.4
Tangible fixed assets	283.9	298.5	14.6
Intangible fixed assets	24.0	24.1	0.1
Investments and other assets	160.0	150.8	-9.2
Total long-term assets	467.9	473.4	5.5
Deferred assets	0.1	0.0	-0.0
Total assets	1,181.6	1,163.6	-17.9
Net interest-bearing debt※1	99.1	77.9	-21.2
Net D/E ratio※2 (times)	0.2	0.1	-0.1
Equity ratio	43.8%	47.4%	3.6%

Liabilities and Net Assets

(Billion yen)

	3/31/23	3/31/24	Change
Notes and account payables, trade payables	201.6	209.7	8.1
Interest-bearing debts	183.3	122.3	-61.0
Other liabilities	224.6	223.5	-1.1
Total liabilities	609.5	555.5	-54.0
Capital stock	47.6	47.6	-
Capital surplus	46.0	46.0	-
Retained earnings	364.9	410.3	45.4
Treasury stock at cost	-7.4	-7.4	-
Shareholders' equity	451.1	496.5	45.4
Accumulated other comprehensive income	66.0	54.7	-11.3
Non-controlling interests	55.0	57.0	2.0
Total net assets	572.1	608.1	36.1
Total liabilities and net assets	1,181.6	1,163.6	-17.9

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

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

Consolidated Cash Flows for FY2023 (YoY Comparison)

Growth investments funded through cash provided by operating activities
Reduction of interest-bearing debt through use of free cash flow and cash and deposits

(Billion yen)

	FY2022 Results	FY2023 Management Plan
I Cash Flows from Operating Activities	116.2	110.0
II Cash Flows from Investing Activities	-49.5	-65.0
I + II Free Cash Flow	66.7	45.0
III Cash Flows from Financing Activities	-77.2	-82.5
IV Cash and Cash Equivalents at End of Period	84.2	44.4

Formulation of strategies for next medium-term management plan (beginning in FY2024)

- Vision for Fuji Electric in 2030
- Growth strategies for energy and environment businesses
- Management emphasizing profit

3. Reference

Net Sales and Operating Income by Segment for FY2023 (YoY Comparison) ①

(Billion yen)		FY2022 Results	FY2023 Management Plan	Change	Overview
※(): Operating Margin Ratio.					
Power Electronics Energy	Net Sales	264.1	275.0	-2.2* 10.9	Higher sales and income, despite impacts of reduced demand for ED&C components, as a result of favorable plant and system order trends
	Operating Income/ Loss	26.9 (10.2%)	27.0 (9.8%)	-0.6* 0.1 (-0.4%)	
Power Electronics Industry	Net Sales	353.4	378.0	-4.3* 24.6	Higher sales and income due to strong automation system order backlog and increased demand for IT solutions
	Operating Income/ Loss	24.9 (7.0%)	29.5 (7.8%)	-1.4* 4.6 (0.8%)	
Semiconductor	Net Sales	206.2	221.0	-5.5* 14.8	Higher sales and income, despite impacts of increased fixed costs and unfavorable foreign exchange influences, following growth in demand for xEV power semiconductors amid automobile electrification trend
	Operating Income/ Loss	32.2 (15.6%)	32.8 (14.8%)	-3.5* 0.6 (-0.8%)	

* Exchange rate effect

Net Sales and Operating Income by Segment for FY2023 (YoY Comparison) ②

(Billion yen)		FY2022 Results	FY2023 Management Plan	Change	Overview
※(): Operating Margin Ratio.					
Power Generation	Net Sales	87.3	83.0	-4.3	Higher income as benefits of differences in profitability between projects compensate for absence of large-scale projects recorded in previous fiscal year
	Operating Income/ Loss	3.6 (4.1%)	4.2 (5.1%)	0.6 (1.0%)	
Food and Beverage Distribution	Net Sales	95.3	96.0	0.7	Despite conservative outlook accounting for risks associated with impacts of Chinese market slowdown, higher sales and income primarily due to growth in sales of high-value-added products
	Operating Income/ Loss	4.4 (4.6%)	5.0 (5.2%)	0.6 (0.6%)	
Others	Net Sales	59.8	60.0	0.2	
	Operating Income/ Loss	3.7 (6.3%)	3.4 (5.7%)	-0.3 (-0.6%)	
Elimination and Corporate	Net Sales	-56.7	-63.0	-6.3	
	Operating Income/ Loss	-6.7	-7.9	-1.2	

Management Plan for 1H FY2023 (YoY Comparison)

(Billion yen)	1H FY2022 Results	1H FY2023 Management Plan	Change	
Net sales	447.1	466.0	-10.5*	18.9
Operating Income (Operating Margin Ratio.)	26.7 (6.0%)	28.2 (6.1%)	-3.0*	1.5 (0.1%)
Ordinary Income	28.9	25.5		-3.4
Net Income Attributable to Owners of Parent	20.3	17.5		-2.8

* Exchange rate effect

(Billion yen)	1H FY2022 Results		1H FY2023 Management Plan		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Energy	115.6	9.6	124.0	8.4	-1.8* 8.4	-0.3* 1.2
Power Electronics Industry	150.2	1.1	159.0	2.6	-3.6* 8.8	-0.6* 1.5
Semiconductor	97.0	14.9	105.0	15.0	-4.5* 8.0	-2.2* 0.1
Power Generation	34.8	-0.5	30.0	0.8	-4.8	1.3
Food and Beverage Distribution	44.8	3.2	48.0	3.8	3.2	0.6
Others	28.6	1.5	29.0	1.4	0.4	-0.1
Elimination and Corporate	-23.9	-3.2	-29.0	-3.8	-5.1	-0.6
Total	447.1	26.7	466.0	28.2	-10.5* 18.9	-3.0* 1.5

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