

Consolidated Financial Report for the fiscal year ending March 31, 2023
(April 1, 2022 – March 31, 2023)

Summary of Consolidated Financial Results

1. Summary of consolidated statements of operations

	Millions of yen		Change(%) (A)/(B)	Millions of U.S. dollars
	FY2022 (A)	FY2021 (B)		FY2022
Net sales	1,009,447	910,226	110.9%	7,590
Operating income	88,882	74,835	118.8%	668
Ordinary income	87,811	79,297	110.7%	660
Net income attributable to owners of parent	61,348	58,660	-	461
	Yen			U.S. dollars
Net income per share	429.50	410.68		3.23

2. Summary of consolidated financial position

	Millions of yen		Millions of U.S. dollars
	3/31/2023	3/31/2022	3/31/2023
Total assets	1,181,552	1,117,112	8,884
Net assets	572,068	523,729	4,301
Equity ratio (%)	43.8%	42.3%	-

Note: U.S. dollar amounts in this financial report are translated, for convenience only, at the rate of ¥133=U.S.\$1

3. Forecast of consolidated earnings for the fiscal year ending March 31, 2024
(April 1, 2023 - March 31, 2024)

	Millions of yen
	FY2023
Net sales	1,050,000
Operating income	94,000
Ordinary income	92,000
Net income attributable to owners of parent	62,500
	Yen
	FY2023
Net income per share	437.57

<Cautionary Statements With Respect to Forward-Looking Statements>

Statements made in this financial report with respect to Fuji Electric's future performance are forward-looking statements based on management's assumptions and beliefs in light of the information currently available to it. Accordingly, actual results could differ from those contained in any forward-looking statements. Potential risks and uncertainties include :

- Sudden changes in general economic conditions in Fuji Electric's markets and changes in its operating environment such as those resulting from changes in trade regulations
- Exchange rate, particularly between the yen and the U.S. dollar and Asian and European currencies
- The ability of Fuji Electric and its subsidiaries to develop and introduce products that incorporate new technology in a timely manner and to manufacture them in a cost-effective way
- The rapid pace of technological innovation, especially in the field of electronics
- Sudden changes in the supply and demand balance in the markets Fuji Electric serves
- Problems involving the intellectual property of Fuji Electric and other companies
- Stock market conditions in Japan

Consolidated Balance Sheets

	Millions of yen		<i>Millions of U.S. dollars</i>
	<u>3/31/2023</u>	<u>3/31/2022</u>	<u>3/31/2023</u>
Assets			
Current assets:			
Cash and deposits	84,700	92,966	637
Notes receivable-trade	76,013	75,521	572
Accounts receivable-trade	236,462	217,731	1,778
Contract assets	76,023	64,088	572
Merchandise and finished goods	64,500	55,051	485
Work in process	54,642	51,827	411
Raw materials and supplies	79,548	63,415	598
Other	49,235	66,499	370
Allowance for doubtful accounts	(7,573)	(5,121)	(57)
Total Current assets	<u>713,553</u>	<u>681,981</u>	<u>5,365</u>
Noncurrent assets:			
Net Property, plant and equipment			
Buildings and structures, net	99,434	96,946	748
Machinery, equipment and vehicles, net	37,913	31,573	285
Tools, furniture and fixtures, net	7,467	7,494	56
Land	35,604	35,695	268
Lease assets, net	60,086	51,779	452
Construction in progress	40,851	8,632	307
Other	2,555	1,553	19
Total Property, plant and equipment	<u>283,912</u>	<u>233,675</u>	<u>2,135</u>
Intangible assets	24,032	22,504	181
Investments and other assets			
Investment securities	108,460	126,316	815
Long-term loans receivable	811	817	6
Deferred tax assets	16,636	13,286	125
Net defined benefit asset	19,918	22,516	150
Other	14,663	16,410	110
Allowance for doubtful accounts	(488)	(468)	(4)
Total Investments and other assets	<u>160,001</u>	<u>178,878</u>	<u>1,203</u>
Total Noncurrent assets	<u>467,946</u>	<u>435,058</u>	<u>3,518</u>
Deferred assets	<u>51</u>	<u>71</u>	<u>0</u>
Total Assets	<u><u>1,181,552</u></u>	<u><u>1,117,112</u></u>	<u><u>8,884</u></u>

Consolidated Balance Sheets

	Millions of yen		Millions of U.S. dollars
	3/31/2023	3/31/2022	3/31/2023
Liabilities			
Current liabilities:			
Notes and accounts payable-trade	201,593	171,749	1,516
Short-term borrowings	46,875	44,984	352
Current portion of bonds payable	15,000	-	113
Lease obligations	23,261	19,584	175
Accrued expenses	52,757	53,192	397
Income taxes payable	18,710	14,879	141
Contract liabilities	49,449	39,443	372
Provision for product warranties	3,775	7,280	28
Other	35,403	35,856	266
Total Current liabilities	446,826	386,969	3,360
Noncurrent liabilities:			
Bonds payable	20,000	35,000	150
Long-term borrowings	28,600	66,276	215
Lease obligations	46,895	40,978	353
Deferred tax liabilities	1,085	1,580	8
Provision for directors' retirement benefits	65	94	0
Net defined benefit liability	60,345	57,590	454
Other	5,665	4,891	43
Total Noncurrent liabilities	162,657	206,413	1,223
Total Liabilities	609,483	593,382	4,583
Net Assets			
Shareholders' equity:			
Capital stock	47,586	47,586	358
Capital surplus	45,953	45,955	346
Retained earnings	364,922	319,285	2,744
Treasury shares	(7,370)	(7,359)	(55)
Total Shareholders' equity	451,091	405,467	3,392
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	45,550	51,649	342
Deferred gains or losses on hedges	241	507	2
Foreign currency translation adjustments	22,222	14,169	167
Remeasurements of defined benefit plans	(2,013)	1,107	(15)
Total Accumulated other comprehensive income	66,000	67,433	496
Non-controlling interests	54,976	50,829	413
Total Net assets	572,068	523,729	4,301
Total Liabilities and Net assets	1,181,552	1,117,112	8,884

Consolidated Statements of Income

	Millions of yen		<i>Millions of U.S. dollars</i>
	FY2022	FY2021	<i>FY2022</i>
Net sales	1,009,447	910,226	7,590
Cost of sales	732,528	657,789	5,508
Gross profit	276,918	252,436	2,082
Selling, general and administrative expenses	188,036	177,601	1,414
Operating income	88,882	74,835	668
Non-operating income			
Interest income	720	638	5
Dividends income	3,022	2,246	23
Share of profit of entities accounted for using equity method	878	1,647	7
Foreign exchange gains	-	1,288	-
Other	1,306	1,507	10
Total Non-operating income	5,927	7,329	45
Non-operating expenses			
Interest expense	1,993	1,744	15
Depreciation of inactive non-current assets	468	310	4
Business conversion expenses	1,599	-	12
Foreign exchange losses	1,148	-	9
Other	1,787	812	13
Total Non-operating expenses	6,997	2,867	53
Ordinary income	87,811	79,297	660
Extraordinary income			
Gain on sale of non-current assets	939	179	7
Gain on sale of investment securities	10,215	10,359	77
Total Extraordinary income	11,154	10,538	84
Extraordinary loss			
Loss on disposal of noncurrent assets	569	632	4
Loss on valuation of investment securities	1,236	239	9
Loss on sale of investment securities	298	-	2
Provision for loss on liquidation of subsidiaries and associates	1,115	-	8
Factory integration expenses	-	335	-
Loss on withdrawal from business	-	141	-
Total Extraordinary loss	3,220	1,349	24
Income before income taxes	95,746	88,487	720
Income taxes-current	26,317	21,846	198
Income taxes-deferred	794	2,085	6
Income taxes	27,112	23,931	204
Net income	68,634	64,555	516
Net income attributable to non-controlling interests	7,285	5,894	55
Net income attributable to owners of parent	61,348	58,660	461

Consolidated Statements of Comprehensive Income

	Millions of yen		<i>Millions of U.S. dollars</i>
	FY2022	FY2021	<i>FY2022</i>
Net income	68,634	64,555	516
Other comprehensive income			
Valuation difference on available-for-sale securities	(6,202)	(4,222)	(47)
Deferred gains or losses on hedges	(265)	185	(2)
Foreign currency translation adjustments	8,176	13,985	61
Remeasurements of defined benefit plans	(3,279)	(37)	(25)
Share of other comprehensive income of entities accounted for using equity method	54	20	0
Total other comprehensive Income	(1,516)	9,930	(11)
Comprehensive income	67,117	74,485	505
Comprehensive income attributable to owners of parent	59,915	67,118	450
Comprehensive income attributable to non-controlling interests	7,202	7,367	54

Consolidated Statements of Shareholders' Equity (FY2022)

	Millions of yen				
	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
BALANCE AT APRIL 1, 2022	47,586	45,955	319,285	(7,359)	405,467
Cumulative effects of changes in accounting policies					-
Restated balance	47,586	45,955	319,285	(7,359)	405,467
Changes during the period					
Dividends from surplus			(15,711)		(15,711)
Net income attributable to owners of parent			61,348		61,348
Purchase of treasury stock				(10)	(10)
Disposal of treasury stock		0		0	0
Change in ownership interest of parent due to transactions with non-controlling interests		(1)			(1)
Net changes of items other than shareholders' equity					
Total changes during the period	-	(1)	45,636	(10)	45,624
BALANCE AT MARCH 31, 2023	47,586	45,953	364,922	(7,370)	451,091

	Millions of yen						
	Accumulated other comprehensive income					Non-controlling interests	Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income		
BALANCE AT APRIL 1, 2022	51,649	507	14,169	1,107	67,433	50,829	523,729
Cumulative effects of changes in accounting policies							-
Restated balance	51,649	507	14,169	1,107	67,433	50,829	523,729
Changes during the period							
Dividends from surplus					-		(15,711)
Net income attributable to owners of parent					-		61,348
Purchase of treasury stock					-		(10)
Disposal of treasury stock					-		0
Change in ownership interest of parent due to transactions with non-controlling interests					-		(1)
Net changes of items other than shareholders' equity	(6,099)	(265)	8,053	(3,121)	(1,433)	4,147	2,714
Total changes during the period	(6,099)	(265)	8,053	(3,121)	(1,433)	4,147	48,338
BALANCE AT MARCH 31, 2023	45,550	241	22,222	(2,013)	66,000	54,976	572,068

Consolidated Statements of Shareholders' Equity (FY2021)

	Millions of yen				
	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
BALANCE AT APRIL 1, 2021	47,586	46,003	271,772	(7,340)	358,021
Cumulative effects of changes in accounting policies			1,708		1,708
Restated balance	47,586	46,003	273,480	(7,340)	359,729
Changes during the period					
Dividends from surplus			(12,855)		(12,855)
Net income attributable to owners of parent			58,660		58,660
Purchase of treasury stock				(19)	(19)
Disposal of treasury stock		0		0	0
Change in ownership interest of parent due to transactions with non-controlling interests		(49)			(49)
Net changes of items other than shareholders' equity					
Total changes during the period	-	(48)	45,804	(18)	45,737
BALANCE AT MARCH 31, 2022	47,586	45,955	319,285	(7,359)	405,467

	Millions of yen						
	Accumulated other comprehensive income					Non-controlling interests	Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income		
BALANCE AT APRIL 1, 2021	55,761	322	1,539	1,351	58,975	44,257	461,254
Cumulative effects of changes in accounting policies							1,708
Restated balance	55,761	322	1,539	1,351	58,975	44,257	462,963
Changes during the period							
Dividends from surplus					-		(12,855)
Net income attributable to owners of parent					-		58,660
Purchase of treasury stock					-		(19)
Disposal of treasury stock					-		0
Change in ownership interest of parent due to transactions with non-controlling interests					-		(49)
Net changes of items other than shareholders' equity	(4,111)	185	12,629	(244)	8,457	6,571	15,029
Total changes during the period	(4,111)	185	12,629	(244)	8,457	6,571	60,766
BALANCE AT MARCH 31, 2022	51,649	507	14,169	1,107	67,433	50,829	523,729

Consolidated Statements of Cash Flows

	Millions of yen		<i>Millions of U.S. dollars</i>
	FY2022	FY2021	<i>FY2022</i>
I Cash flows from operating activities			
Income before income taxes	95,746	88,487	720
Depreciation and amortization	45,938	39,969	345
Increase (decrease) in allowance for doubtful accounts	2,347	1,006	18
Increase (decrease) in provision for product warranties	(3,506)	(8,711)	(26)
Interest and dividends income	(3,742)	(2,885)	(28)
Interest expenses	1,993	1,744	15
Foreign exchange losses (gains)	(474)	(226)	(4)
Loss (gain) on sale of non-current assets	(939)	(179)	(7)
Loss (gain) on sale of investment securities	(9,917)	(10,359)	(75)
Loss (gain) on disposal of non-current assets	569	632	4
Loss (gain) on devaluation of investment securities	1,236	239	9
Provision for loss on liquidation of subsidiaries and associates	1,115	-	8
Factory integration expenses	-	335	-
Loss on withdrawal from business	-	141	-
Decrease (increase) in trade receivables, and contract assets	(28,444)	(749)	(214)
Decrease (increase) in inventories	(25,709)	(5,707)	(193)
Increase (decrease) in notes and accounts payable-trade	28,711	(2,623)	216
Increase (decrease) in contract liabilities	9,748	9,339	73
Other, net	22,933	(9,623)	172
Subtotal	<u>137,607</u>	<u>100,829</u>	<u>1,035</u>
Interest and dividends income received	3,679	2,847	28
Interest expenses paid	(1,996)	(1,738)	(15)
Income taxes paid	<u>(23,126)</u>	<u>(25,129)</u>	<u>(174)</u>
Net cash provided by (used in) operating activities	<u>116,163</u>	<u>76,809</u>	<u>873</u>
II Cash flows from investing activities			
Purchase of property, plant and equipment	(61,080)	(33,047)	(459)
Proceeds from sales of property, plant and equipment	2,698	3,762	20
Purchase of investment securities	(212)	(1,909)	(2)
Proceeds from sales of investment securities	17,842	17,408	134
Loan advances	(14,123)	(11,146)	(106)
Proceeds from collection of loans receivable	11,306	7,324	85
Other, net	(5,929)	(4,742)	(45)
Net cash provided by (used in) investing activities	<u>(49,498)</u>	<u>(22,350)</u>	<u>(372)</u>
III Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	(6,002)	(3,592)	(45)
Repayments of long-term borrowings	(30,330)	(4,405)	(228)
Repayments of lease obligations	(23,580)	(20,551)	(177)
Proceeds from sales of treasury stock	0	0	0
Purchase of treasury shares	(10)	(19)	(0)
Dividends paid	(15,711)	(12,855)	(118)
Dividends paid to non-controlling interests	(3,508)	(1,308)	(26)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2)	(163)	(0)
Proceeds from sale and leaseback transactions	1,955	-	15
Net cash provided by (used in) financing activities	<u>(77,193)</u>	<u>(42,894)</u>	<u>(580)</u>
IV Effect of exchange rate change on cash and cash equivalents	<u>3,210</u>	<u>4,453</u>	<u>24</u>
V Net increase (decrease) in cash and cash equivalents (I + II + III + IV)	<u>(7,318)</u>	<u>16,017</u>	<u>(55)</u>
VI Cash and cash equivalents at beginning of period	91,350	75,332	687
VII Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	132	-	1
VIII Cash and cash equivalents at end of period	<u>84,165</u>	<u>91,350</u>	<u>633</u>

Consolidated Segment Information

Information on net sales, and profit or loss by each reporting segment

As of April 1, 2022, reflecting change of organization structure, business segments in the reporting segments of "Power Electronics Energy" and "Power Electronics Industry" were reclassified.

The reporting segment information for the year ended March 31, 2022 has been reclassified to reflect this change.

FY2022

	Millions of yen								
	Power Electronics Energy	Power Electronics Industry	Semiconductors	Power Generation	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
Net Sales									
Sales to third parties	258,936	333,704	201,581	87,169	94,274	33,780	1,009,447	-	1,009,447
Inter-segment sales and transfers	5,141	19,744	4,647	167	982	26,008	56,692	(56,692)	-
Total sales	264,078	353,449	206,228	87,336	95,257	59,789	1,066,139	(56,692)	1,009,447
Segment profits (losses)	26,884	24,882	32,186	3,550	4,350	3,749	95,604	(6,722)	88,882

FY2021

	Millions of yen								
	Power Electronics Energy	Power Electronics Industry	Semiconductors	Power Generation	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
Net Sales									
Sales to third parties	227,415	308,625	174,249	78,487	90,191	31,256	910,226	-	910,226
Inter-segment sales and transfers	3,556	15,523	4,557	75	591	23,453	47,758	(47,758)	-
Total sales	230,971	324,149	178,807	78,563	90,783	54,710	957,984	(47,758)	910,226
Segment profits (losses)	21,217	23,823	27,136	3,124	3,007	2,837	81,146	(6,311)	74,835

FY2022

	Millions of U.S. dollars								
	Power Electronics Energy	Power Electronics Industry	Semiconductors	Power Generation	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
Net Sales									
Sales to third parties	1,947	2,509	1,516	655	709	254	7,590	-	7,590
Inter-segment sales and transfers	39	148	35	1	7	196	426	(426)	-
Total sales	1,986	2,658	1,551	657	716	450	8,016	(426)	7,590
Segment profits (losses)	202	187	242	27	33	28	719	(51)	668

Supplemental Consolidated Financial Materials

1. Financial summary

	Billions of yen		
	FY2022	FY2023 [Forecast]	FY2021
Net sales	1,009.4	1,050.0	910.2
Operating income	88.9	94.0	74.8
Ordinary income	87.8	92.0	79.3
Net income attributable to owners of parent	61.3	62.5	58.7

2. Number of consolidated subsidiaries

	Billions of yen		
	FY2022	FY2023 [Forecast]	FY2021
Number of consolidated subsidiaries	70	70	71
Japan	21	21	21
Overseas	49	49	50
Number of equity-method associates	4	4	4

3. Net income per share

	Yen		
	FY2022	FY2023 [Forecast]	FY2021
Net income per share	429.50	437.57	410.68

4. Average exchange rates (Yen)

	Yen		
	FY2022	FY2023 [Forecast]	FY2021
US\$	135.47	125.00	112.38
EURO	140.97	135.00	130.56
RMB	19.75	18.50	17.51

5. Net sales by reporting segment

	Billions of yen		
	FY2022	FY2023 [Forecast]	FY2021
Power Electronics Energy	264.1	275.0	231.0
Power Electronics Industry	353.4	378.0	324.1
Semiconductors	206.2	221.0	178.8
Power Generation	87.3	83.0	78.6
Food and Beverage Distribution	95.3	96.0	90.8
Others	59.8	60.0	54.7
Subtotal	1,066.1	1,113.0	958.0
Elimination	(56.7)	(63.0)	(47.8)
Total	1,009.4	1,050.0	910.2

6. Operating income by reporting segment

	Billions of yen		
	FY2022	FY2023 [Forecast]	FY2021
Power Electronics Energy	26.9	27.0	21.2
Power Electronics Industry	24.9	29.5	23.8
Semiconductors	32.2	32.8	27.1
Power Generation	3.6	4.2	3.1
Food and Beverage Distribution	4.4	5.0	3.0
Others	3.7	3.4	2.8
Subtotal	95.6	101.9	81.1
Elimination	(6.7)	(7.9)	(6.3)
Total	88.9	94.0	74.8

7. Net overseas sales

	Billions of yen		
	FY2022	FY2023 [Forecast]	FY2021
Asia (except for China)	145.2	-	116.8
China	89.4	-	100.5
Europe	33.1	-	20.0
America	24.3	-	17.0
Total	292.1	-	254.4

8. R&D expenditures

	Billions of yen		
	FY2022	FY2023 [Forecast]	FY2021
Power Electronics Energy	7.5	7.6	6.6
Power Electronics Industry	10.6	10.8	10.0
Semiconductors	11.8	13.0	11.0
Power Generation	2.8	2.5	2.9
Food and Beverage Distribution	3.4	3.5	3.3
Others	0.1	0.0	0.1
Total	36.2	37.4	33.8
Ratio to net sales (%)	3.6%	3.6%	3.7%

9. Plant and equipment investment (including leases)

	Billions of yen		
	FY2022	FY2023 [Forecast]	FY2021
Power Electronics Energy	6.9	11.9	5.8
Power Electronics Industry	6.5	9.4	8.3
Semiconductors	66.6	37.6	41.9
Power Generation	1.1	1.2	1.0
Food and Beverage Distribution	1.8	2.8	0.8
Others	1.1	0.9	1.5
Total	84.1	63.9	59.3
(Leases)	21.9	1.4	19.1

Note: Leases are included in total plant and equipment investment.

10. Depreciation, Leases paid

	Billions of yen		
	FY2022	FY2023 [Forecast]	FY2021
Power Electronics Energy	5.3	5.5	5.0
Power Electronics Industry	5.3	6.0	5.5
Semiconductors	26.7	33.0	21.0
Power Generation	1.2	1.0	1.2
Food and Beverage Distribution	1.9	1.9	2.2
Others	0.8	0.8	1.0
Total	41.2	48.2	36.0
(Leases)	0.9	0.8	1.0

11. Number of employees

	Billions of yen		
	FY2022	FY2023 [Forecast]	FY2021
Power Electronics Energy	6,691	7,002	6,456
Power Electronics Industry	9,647	9,919	9,461
Semiconductors	5,914	6,160	5,808
Power Generation	1,110	1,121	1,169
Food and Beverage Distribution	1,901	1,915	1,931
Others	1,860	1,840	1,932
Total	27,123	27,957	26,757
Japan	17,392	17,627	17,493
Overseas	9,731	10,330	9,264

Financial Performance

(1) Qualitative Information regarding Consolidated Results of Operations

1. Results of Operations in the Fiscal Year Ended March 31, 2023

The fiscal year ended March 31, 2023, was positioned as an important year for working toward the targets of Fuji Electric's Reiwa Prosperity 2023 medium-term management plan, namely the targets of net sales of ¥1 trillion and an operating margin of more than 8.0% in the fiscal year ending March 31, 2024. In working toward these goals, the Company moved 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 the fiscal year ended March 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 global movement toward carbon neutrality 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, high material prices stemming, material shortages, and rapid fluctuations in foreign exchange rates.

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 to combat procurement difficulties and build flexible production systems to better cater to demand.

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 fiscal year ended March 31, 2023, rising ¥99.2 billion, or 11%, year on year, to ¥1,009.4 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 ¥14.0 billion year on year, to ¥88.9 billion, making for an operating margin of 8.8%; ordinary income was up ¥8.5 billion, to ¥87.8 billion; and net income attributable to owners of parent increased 2.7 billion, to ¥61.3 billion. New record highs were posted for net sales, operating income, ordinary income, and net income attributable to owners of parent. In addition, the target of net sales of ¥1 trillion set out in Reiwa Prosperity 2023 was accomplished a year ahead of schedule.

Consolidated results of operations for the fiscal year ended March 31, 2023, were as follows.

(¥ billion)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change
Net sales	910.2	1,009.4	99.2
Operating income	74.8	88.9	14.0
Ordinary income	79.3	87.8	8.5
Net income attributable to owners of parent	58.7	61.3	2.7

2. Results by Segment

Power Electronics Energy

Net sales: ¥264.1 billion (up 14% year on year)

Operating income: ¥26.9 billion (up ¥5.7 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 fiscal year.
- 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: ¥353.4 billion (up 9% year on year)

Operating income: ¥24.9 billion (up ¥1.1 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 automation systems business and the IT solutions business. In addition, operating income was up year on year as increased demand centered on the IT solutions business counteracted the impacts of high material prices and difficulties in procuring parts.

- In the automation systems business, net sales and operating results were up year on year as the impacts of the COVID-19 pandemic seen in China were outweighed by the benefits of demand growth and foreign exchange influences in other areas.
- 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 and operating results were up year on year as a result of higher demand for electrical equipment construction.
- 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: ¥206.2 billion (up 15% year on year)

Operating income: ¥32.2 billion (up ¥5.1 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: ¥87.3 billion (up 11% year on year)

Operating income: ¥3.6 billion (up ¥0.4 billion year on year)

- In the power generation business, net sales and operating income were 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: ¥95.3 billion (up 5% year on year)

Operating income: ¥4.4 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 factors including a Chinese subsidiary recording an allowance for doubtful accounts.
- In the store distribution business, net sales were down year on year due to the absence of large-scale orders for automatic change dispensers recorded in the previous fiscal year. Meanwhile, operating results were up year on year because of the benefits of cost reduction activities.

Others

Net sales: ¥59.8 billion (up 9% year on year)

Operating income: ¥3.7 billion (up ¥0.9 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 fiscal year ended March 31, 2022, have been restated to reflect this change.

3. Forecasts for the Fiscal Year Ending March 31, 2024

Forecasts for consolidated business results in the fiscal year ending March 31, 2024, are as follows.

Furthermore, forecasts for the fiscal year ending March 31, 2024, assume exchange rates of US\$1 = ¥125, €1 = ¥135, RMB1 = ¥18.5.

Consolidated Business Results Forecasts (¥ billion)

	Fiscal year ended March 31, 2023 Results	Fiscal year ending March 31, 2024 Forecasts	Change
Net sales	1,009.4	1,050.0	40.6
Operating income	88.9	94.0	5.1
Ordinary income	87.8	92.0	4.2
Net income attributable to owners of parent	61.3	62.5	1.2

Forecasts by Segment (¥ billion)

	Fiscal year ended March 31, 2023 Results		Fiscal year ending March 31, 2024 Forecasts		Change	
	Net sales	Operating income (loss)	Net sales	Operating income (loss)	Net sales	Operating income (loss)
Power Electronics Energy	264.1	26.9	275.0	27.0	10.9	0.1
Power Electronics Industry	353.4	24.9	378.0	29.5	24.6	4.6
Semiconductor	206.2	32.2	221.0	32.8	14.8	0.6
Power Generation	87.3	3.6	83.0	4.2	(4.3)	0.6
Food and Beverage Distribution	95.3	4.4	96.0	5.0	0.7	0.6
Others	59.8	3.7	60.0	3.4	0.2	(0.3)
Elimination and Corporate	(56.7)	(6.7)	(63.0)	(7.9)	(6.3)	(1.2)
Total	1,009.4	88.9	1,050.0	94.0	40.6	5.1

(2) Quantitative Information regarding Consolidated Financial Position

(¥ billion)

	March 31, 2022	Breakdown (%)	March 31, 2023	Breakdown (%)	Change
Total assets	1,117.1	100.0	1,181.6	100.0	+64.4
Interest-bearing debt	208.4	18.7	183.3	15.5	(25.1)
Equity*1	472.9	42.3	517.1	43.8	+44.2
Debt-to-equity ratio*2 (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 March 31, 2023, stood at ¥1,181.6 billion, an increase of ¥64.4 billion from the end of the previous fiscal year. Total current assets were up ¥31.6 billion primarily as a result of increases in notes and accounts receivable-trade, contract assets, and inventories. Total noncurrent assets were up ¥32.9 billion due to an increase in property, plant and equipment.

Interest-bearing debt as of March 31, 2023, amounted to ¥183.3 billion, down ¥25.1 billion from the previous fiscal year-end, as a result of a decrease in long-term borrowings. Furthermore, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—decreased ¥17.9 billion from the previous fiscal year-end, amounting to ¥99.1 billion on March 31, 2023.

Net assets on March 31, 2023, were ¥572.1 billion, up ¥48.3 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 ¥44.2 billion from the previous fiscal year-end, standing at ¥517.1 billion on March 31, 2023. 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.

(¥ billion)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change
Net cash provided by (used in) operating activities	76.8	116.2	39.4
Net cash provided by (used in) investing activities	(22.4)	(49.5)	(27.1)
Free cash flow	54.5	66.7	12.2
Net cash provided by (used in) financing activities	(42.9)	(77.2)	(34.3)
Cash and cash equivalents at end of period	91.4	84.2	(7.2)

In the fiscal year ended March 31, 2023, consolidated free cash flow (net cash from operating activities + net cash from investing activities) was a positive ¥12.2 billion, an increase of ¥66.7 billion compared with positive free cash flow of ¥54.5 billion in the previous fiscal year.

Cash flows from operating activities

Net cash provided by operating activities was ¥116.2 billion, compared with net cash provided by operating activities of ¥76.8 billion in the previous fiscal year. Major factors increasing cash included the recording of income before income taxes and a rise notes and accounts payable-trade. Major factors decreasing cash included increases in notes and accounts receivable-trade, contract assets, and inventories

This was an increase of ¥39.4 billion year on year.

Cash flows from investing activities

Net cash used in investing activities was ¥49.5 billion, compared with net cash used in investing activities of ¥22.4 billion in the previous fiscal year. This outcome was primarily a result of the purchase

of property, plant and equipment, which offset proceeds from sales of investment securities.

This was a deterioration of ¥27.1 billion year on year.

Cash flows from financing activities

Net cash used in financing activities was ¥77.2 billion, compared with net cash used in financing activities of ¥42.9 billion in the previous fiscal year. This was principally due to repayments of long-term borrowings and repayments of lease obligations.

As a result, consolidated cash and cash equivalents on March 31, 2023, amounted to ¥84.2 billion, down ¥7.2 billion from the previous fiscal year-end.

(3) Basic Policy Regarding Distribution of Earnings and Dividends for the Fiscal Year Ended March 31, 2023, and the Fiscal Year Ending March 31, 2024

We intend to return profit gained through business activities to shareholders. At the same time—while strengthening our management foundation—we intend to appropriate profit for consolidated shareholders' equity in order to secure internal reserves for research and development, capital investment, development of human resources, and other uses reflecting a medium- to long-term viewpoint.

We will determine the amount of dividends to be paid from retained earnings in light of the above medium-to-long term business cycle; our policy of paying stable and continuous dividends; and a comprehensive evaluation of the business results from the relevant fiscal year, research and development and capital investment plans for future growth, and the operating environment.

We regard the acquisition of treasury stock as a flexible mechanism to supplement dividends from retained earnings when warranted by the cash flow position.

Based on a rigorous evaluation of performance during the fiscal year ended March 31, 2023, forecasted performance for the fiscal year ending March 31, 2024, and our financial position, we plan to pay a year-end dividend of ¥60 per share for the fiscal year ended March 31, 2023, which will make for an annual dividend of ¥115 per share, when including the interim dividend.

We have not yet decided the dividend to be paid for the fiscal year ending March 31, 2024