

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 three-month period ended June 30, 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 outlook remains opaque as a result of the continuation of sluggish capital investment trends in China as well as global monetary tightening.

In this environment, production capacity increases for power semiconductors were carried out in response to growing demand while ongoing steps were taken to optimize production systems to accommodate demand and to minimize the impacts on part procurement from geopolitical risks and supply chain disruptions.

Due to these factors, increases were seen in the sales of all segments, resulting in consolidated net sales in the three-month period ended June 30, 2023, rising ¥30.2 billion, or 15%, year on year, to ¥234.1 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 ¥4.8 billion year on year, to ¥14.7 billion; ordinary profit was up ¥2.8 billion, to ¥15.1 billion; and profit attributable to owners of parent increased ¥2.4 billion, to ¥12.3 billion. New record highs were posted for net sales, operating profit, ordinary profit, and profit attributable to owners of parent.

Consolidated results of operations for the three-month period ended June 30, 2023, were as follows.

(¥ billion)

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2023	Change
Net sales	203.9	234.1	30.2
Operating profit	9.9	14.7	4.8
Ordinary profit	12.3	15.1	2.8
Profit attributable to owners of parent	9.9	12.3	2.4

Results by Segment

Power Electronics Energy

Net sales: ¥58.0 billion (up 13% year on year)

Operating profit: ¥4.4 billion (up ¥0.5 billion year on year)

In the Power Electronics Energy segment, net sales and operating profit were up year on year primarily as a result of higher demand in the energy management business and the power supply and facility systems business.

- In the energy management business, net sales and operating results were up year on year as a result of the recording of large-scale orders for substation equipment for industrial applications and 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 overseas.
- In the ED&C components business, net sales and operating results were down year on year due to reductions in demand from finished equipment manufacturers and for semiconductor production equipment.

Power Electronics Industry

Net sales: ¥76.2 billion (up 17% year on year)

Operating loss: ¥0.3 billion (up ¥1.5 billion year on year)

In the Power Electronics Industry segment, net sales and operating result were up year on year as a result of higher demand in the automation systems business, the equipment construction business, and the IT solutions business.

- In the automation systems business, net sales and operating results were up year on year as production increased and order backlog was filled following the alleviation of difficulties in procuring parts for low-voltage inverters and other products.
- In the social solutions business, net sales and operating results were up year on year due to increases in orders for 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 and operating results were up year on year due to higher demand for large-scale public- and academic-sector projects.

Semiconductor

Net sales: ¥51.1 billion (up 11% year on year)

Operating profit: ¥7.1 billion (unchanged 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 being relatively unchanged year on year, despite the rise in expenses for bolstering power semiconductor production capacity and the increases in material costs.

Power Generation

Net sales: ¥18.4 billion (up 9% year on year)

Operating profit: ¥0.9 billion (up ¥0.8 billion year on year)

· In the power generation business, net sales and operating results were up year on year due to the benefits of large-scale renewable energy projects.

Food and Beverage Distribution

Net sales: ¥27.8 billion (up 28% year on year)

Operating profit: ¥3.2 billion (up ¥1.5 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: ¥15.8 billion (up 10% year on year)

Operating profit: ¥1.0 billion (up ¥0.3 billion year on year)

(2) Quantitative Information regarding Consolidated Financial Position

(¥ billion)

	March 31, 2023	Breakdown (%)	June 30, 2023	Breakdown (%)	Change
Total assets	1,181.6	100.0	1,132.6	100.0	(49.0)
Interest-bearing debt	183.3	15.5	153.1	13.5	(30.2)
Equity*1	517.1	43.8	529.4	46.7	+12.3
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 June 30, 2023, stood at ¥1,132.6 billion, a decrease of ¥49.0 billion from the end of the previous fiscal year. Total current assets were down ¥51.2 billion primarily as a result of decreases in cash and deposits and accounts receivable-trade, which offset the increases in contract assets and inventories. Total non-current assets were up ¥2.2 billion due to an increase in property, plant and equipment.

Interest-bearing debt as of June 30, 2023, amounted to ¥153.1 billion, down ¥30.2 billion from the previous fiscal year-end. Furthermore, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—increased ¥5.9 billion from the previous fiscal year-end, amounting to ¥105.0 billion on June 30, 2023.

Net assets on June 30, 2023, were ¥582.3 billion, up ¥10.2 billion from the previous fiscal year-end. This outcome was because of higher retained earnings and an increase attributable to foreign currency translation adjustments. In addition, equity—total net assets net of non-controlling interests—was up ¥12.3 billion from the previous fiscal year-end, standing at ¥529.4 billion on June 30, 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 three-month period ended June 30, 2023, Fuji Electric has chosen to revise the consolidated forecast for business results for the six-month period ending September 30, 2023 and the fiscal year ending March 31, 2024, that was announced together with financial results for the fiscal year ended March 31, 2023, on April 27, 2023.

The forecast assumes exchange rates of US\$1 = ¥130, €1 = ¥145, and RMB1 = ¥18.5 for the period from July 1, 2023, onward.

(Consolidated Forecasts for the Six-Month Period Ending September 30, 2023) (¥ billion)

	Previous announcement	Today's announcement	Change
Net sales	466.0	474.0	8.0
Operating profit	28.2	30.0	1.8
Ordinary profit	25.5	27.5	2.0
Profit attributable to owners of parent	17.5	19.5	2.0

(Reference: Consolidated Forecasts for the Six-Month Period Ending September 30, 2023, by Segment) (¥billion)

	Net sales			Operating profit (loss)		
	Previous announcement	Today's announcement	Change	Previous announcement	Today's announcement	Change
Power Electronics Energy	124.0	124.0	0.0	8.4	8.4	0.0
Power Electronics Industry	159.0	160.0	1.0	2.6	3.0	4.0
Semiconductor	105.0	105.0	0.0	15.0	15.5	5.0
Power Generation	30.0	31.0	1.0	0.8	0.0	(8.0)
Food and Beverage Distribution	48.0	52.0	4.0	3.8	5.0	1.2
Others	29.0	31.0	2.0	1.4	1.8	0.4
Elimination and Corporate	(29.0)	(29.0)	0.0	(3.8)	(3.7)	0.1
Total	466.0	474.0	8.0	28.2	30.0	1.8

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

	Previous announcement	Today's announcement	Change
Net sales	1,050.0	1,060.0	10.0
Operating profit	94.0	96.0	2.0
Ordinary profit	92.0	94.5	2.5
Profit attributable to owners of parent	62.5	64.5	2.0

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

(¥billion)

	Net sales			Operating profit (loss)		
	Previous announcement	Today's announcement	Change	Previous announcement	Today's announcement	Change
Power Electronics Energy	275.0	277.0	2.0	27.0	27.3	0.3
Power Electronics Industry	378.0	382.0	4.0	29.5	30.2	0.7
Semiconductor	221.0	225.0	4.0	32.8	33.8	1.0
Power Generation	83.0	83.0	0.0	4.2	4.2	0.0
Food and Beverage Distribution	96.0	96.0	0.0	5.0	5.0	0.0
Others	60.0	60.0	0.0	3.4	3.4	0.0
Elimination and Corporate	(63.0)	(63.0)	0.0	(7.9)	(7.9)	0.0
Total	1,050.0	1,060.0	10.0	94.0	96.0	2.0