

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 focus on human resources in regard to social factors.

In the three-month period ended June 30, 2022, high levels of capital investment by manufacturers and data center business operators were 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. However, the outlook remains opaque due to the increased impacts on global supply chains of factors such as high material prices and material shortages due to the lockdowns in China instituted in response to the COVID-19 pandemic and the prolonged situation in Ukraine.

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 the Power Electronics Energy, Semiconductor, and Power Generation segments, resulting in consolidated net sales in the three-month period ended June 30, 2022, rising ¥14.0 billion year on year, to ¥203.9 billion.

Although high material prices impacted income, overall income was buoyed by sales volume growth coupled with the benefits of increases to product selling prices and cost reduction activities centered on augmentations to factories. As a result, consolidated operating income rose ¥4.6 billion year on year, to ¥9.9 billion; ordinary income was up ¥6.4 billion, to ¥12.3 billion; and net income attributable to owners of parent increased ¥5.0 billion, to ¥9.9 billion. New record highs were posted for net sales, operating income, and ordinary income.

Consolidated results of operations for the three-month period ended June 30, 2022, were as follows.

	(¥ billion)		
	Three-month period ended June 30, 2021	Three-month period ended June 30, 2022	Change
Net sales	190.0	203.9	14.0
Operating income	5.3	9.9	4.6
Ordinary income	5.9	12.3	6.4
Net income attributable to owners of parent	5.0	9.9	5.0

Results by Segment

Power Electronics Energy

Net sales: ¥51.3 billion (up 15% year on year)

Operating income: ¥3.9 billion (up ¥2.9 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 were down year on year as a result of the absence of large-scale orders for substation equipment for power and industrial applications recorded in the previous equivalent period. Meanwhile, operating results improved year on year due to differences in profitability between projects.

- 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 the ED&C components business, net sales and operating results improved year on year due to higher demand from domestic manufacturers of machine tools and other finished equipment.

Power Electronics Industry

Net sales: ¥65.2 billion (unchanged year on year)

Operating loss: ¥1.8 billion (compared with operating income of ¥0.3 billion in the previous equivalent period)

In the Power Electronics Industry segment, net sales were relatively unchanged year on year as the benefits of large-scale orders in the IT solutions business counteracted the declines in sales in the automation systems business and the social solutions business. Meanwhile, operating results were down year on year due to high material prices, reductions in production following difficulties in procuring parts, and differences in profitability between projects.

- In the automation systems business, net sales and operating results were down year on year due to the impacts of the lockdowns instituted in China in response to the COVID-19 pandemic, the high prices for materials, and the effects on production from difficulties in procuring parts felt centered on low-voltage inverters and factory automation components.

- In the social solutions business, net sales and operating results were down year on year, due to a decrease in ship-related orders.

- In the equipment construction business, net sales and operating results improved year on year due to higher demand for electrical equipment construction.

- In the IT solutions business, net sales were up year on year due to large-scale private-sector projects while operating results were unchanged year on year because of differences in profitability between projects.

Semiconductor

Net sales: ¥46.2 billion (up 4% year on year)

Operating income: ¥7.1 billion (up ¥1.5 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 a result, high operating ratios were able to be maintained leading to increases in sales volumes and subsequently improvements in operating results, regardless of the rise in expenses for bolstering power semiconductor production capacity.

Power Generation

Net sales: ¥16.8 billion (up 41% year on year)

Operating income: ¥0.1 billion (compared with operating loss of ¥0.7 billion in the previous equivalent period)

· 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: ¥21.7 billion (down 2% year on year)

Operating income: ¥1.6 billion (up ¥1.4 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 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: ¥14.3 billion (up 16% year on year)

Operating income: ¥0.7 billion (up ¥0.3 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 three-month period ended June 30, 2021, have been restated to reflect this change.

(2) Quantitative Information regarding Consolidated Financial Position

(¥ billion)

	March 31, 2022	Breakdown (%)	June 30, 2022	Breakdown (%)	Change
Total assets	1,117.1	100.0	1,100.2	100.0	(16.9)
Interest-bearing debt	208.4	18.7	199.6	18.1	(8.8)
Equity*1	472.9	42.3	478.8	43.5	+5.9
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 June 30, 2022, stood at ¥1,100.2 billion, a decrease of ¥16.9 billion from the end of the previous fiscal year. Total current assets were down ¥10.1 billion primarily as a result of a decrease notes and accounts receivable-trade, which offset the increases in cash and deposits and inventories. Total noncurrent assets were down ¥6.8 billion due to sales of investment securities and a decrease resulted from valuation difference on available-for-sale securities.

Interest-bearing debt as of June 30, 2022, amounted to ¥199.6 billion, down ¥8.8 billion from the previous fiscal year-end. Further, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—decreased ¥20.1 billion from the previous fiscal year-end, amounting to ¥96.9 billion on June 30, 2022.

Net assets on June 30, 2022, were ¥528.6 billion, up ¥4.9 billion from the previous fiscal year-end. This outcome was because of higher retained earnings and an increase associated with foreign currency translation adjustments, which offset a decrease resulted from valuation difference on available-for-sale securities. In addition, equity—total net assets net of non-controlling interests—was up ¥5.9 billion from the previous fiscal year-end, standing at ¥478.8 billion on June 30, 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 three-month period ended June 30, 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 the fiscal year ended March 31, 2022, on April 27, 2022.

The forecast assumes exchange rates of US\$1 = ¥120, €1 = ¥133, and RMB1 = ¥19 for the period from July 1, 2022, onward.

(Consolidated Forecasts for the Six-Month Period Ending September 30, 2022) (¥ billion)

	Previous announcement	Today's announcement	Change
Net sales	424.0	424.0	0.0
Operating income	22.0	22.0	0.0
Ordinary income	22.0	22.0	0.0
Net income attributable to owners of parent	15.5	15.5	0.0

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

	Previous announcement	Today's announcement	Change
Net sales	960.0	960.0	0.0
Operating income	82.0	82.0	0.0
Ordinary income	83.0	83.0	0.0
Net income attributable to owners of parent	59.0	59.0	0.0

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

(¥billion)

	Net sales			Operating income (loss)		
	Previous announcement	Today's announcement	Change	Previous announcement	Today's announcement	Change
Power Electronics Energy	236.0	236.0	0.0	22.1	22.1	0.0
Power Electronics Industry	349.0	349.0	0.0	26.8	26.8	0.0
Semiconductor	200.0	200.0	0.0	30.5	30.5	0.0
Power Generation	82.0	82.0	0.0	4.1	4.1	0.0
Food and Beverage Distribution	92.0	92.0	0.0	5.1	5.1	0.0
Others	54.0	54.0	0.0	2.6	2.6	0.0
Elimination and Corporate	(53.0)	(53.0)	0.0	(9.2)	(9.2)	0.0
Total	960.0	960.0	0.0	82.0	82.0	0.0