

Consolidated Financial Results for first half of the fiscal year ending March 31, 2021 (April 1, 2020 – September 30, 2020)

Summary of Consolidated Financial Results (Six months ended September 30, 2020)

1. Summary of consolidated statements of operations

	Millions of yen		Change(%) (A)/(B)	<i>Millions of U.S. dollars</i>
	6 months 1H FY2020 (Apr.-Sep.) (A)	6 months 1H FY2019 (Apr.-Sep.) (B)		<i>6 months 1H FY2020 (Apr.-Sep.)</i>
				<i>U.S. dollars</i>
				<i>U.S. dollars</i>
Net sales	356,993	406,661	87.8%	3,400
Operating income	5,295	11,116	47.6%	50
Ordinary income	5,164	10,861	47.5%	49
Net income attributable to owners of parent	2,065	5,978	34.5%	20
	Yen			<i>U.S. dollars</i>
Net income per share	14.46	41.85		0.14

2. Summary of consolidated financial position

	Millions of yen		<i>Millions of U.S. dollars</i>
	9/30/2020	3/31/2020	9/30/2020
Total assets	1,065,130	996,827	10,144
Net assets	427,617	406,002	4,073
Equity ratio (%)	36.3%	36.7%	-

Note: U.S. dollar amounts in this financial report are translated, for convenience only, at the rate of ¥105=U.S.\$1

3. Forecast of consolidated earnings for the fiscal year ending March 31, 2021 (April 1, 2020 - March 31, 2021)

	Millions of yen
	FY2020
Net sales	870,000
Operating income	41,000
Ordinary income	42,500
Net income attributable to owners of parent	27,500
	Yen
	FY2020
Net income per share	192.52

< 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>9/30/2020</u>	<u>3/31/2020</u>	<u>9/30/2020</u>
Assets			
Current assets:			
Cash and deposits	155,887	64,073	1,485
Notes and accounts receivable-trade	226,172	294,504	2,154
Merchandise and finished goods	71,847	66,866	684
Work in process	82,453	67,875	785
Raw materials and supplies	54,241	53,371	517
Other	54,398	51,599	518
Allowance for doubtful accounts	(2,671)	(2,597)	(25)
Total Current assets	<u>642,328</u>	<u>595,692</u>	<u>6,117</u>
Noncurrent assets:			
Net Property, plant and equipment	202,714	201,892	1,931
Intangible assets	22,911	24,606	218
Investments and other assets			
Investment securities	163,089	128,289	1,553
Net defined benefit asset	15,308	15,083	146
Other	19,095	31,566	182
Allowance for doubtful accounts	(419)	(422)	(4)
Total Investments and other assets	<u>197,074</u>	<u>174,517</u>	<u>1,877</u>
Total Noncurrent assets	<u>422,699</u>	<u>401,016</u>	<u>4,026</u>
Deferred assets	<u>102</u>	<u>118</u>	<u>1</u>
Total Assets	<u><u>1,065,130</u></u>	<u><u>996,827</u></u>	<u><u>10,144</u></u>

Consolidated Balance Sheets

	Millions of yen		<i>Millions of U.S. dollars</i>
	<u>9/30/2020</u>	<u>3/31/2020</u>	<u>9/30/2020</u>
Liabilities			
Current liabilities:			
Notes and accounts payable-trade	133,925	179,914	1,275
Short-term loans payable	21,755	21,342	207
Commercial papers	127,000	51,500	1,210
Current portion of bonds payable	-	15,000	-
Income taxes payable	3,293	6,625	31
Advances received	41,987	47,203	400
Other	80,829	101,574	770
Total Current liabilities	<u>408,791</u>	<u>423,160</u>	<u>3,893</u>
Noncurrent liabilities:			
Bonds payable	35,000	35,000	333
Long-term loans payable	97,496	38,604	929
Provision for directors' retirement benefits	152	193	1
Net defined benefit liability	51,819	50,011	494
Other	44,254	43,855	421
Total Noncurrent liabilities	<u>228,722</u>	<u>167,664</u>	<u>2,178</u>
Total Liabilities	<u>637,513</u>	<u>590,825</u>	<u>6,072</u>
Net Assets			
Shareholders' equity:			
Capital stock	47,586	47,586	453
Capital surplus	46,002	45,949	438
Retained earnings	237,624	241,305	2,263
Treasury stock	(7,331)	(7,327)	(70)
Total Shareholders' equity	<u>323,881</u>	<u>327,513</u>	<u>3,085</u>
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	69,310	44,606	660
Deferred gains or losses on hedges	99	(231)	1
Foreign currency translation adjustments	(4,354)	(3,545)	(41)
Remeasurements of defined benefit plans	(2,100)	(2,724)	(20)
Total Accumulated other comprehensive income	<u>62,955</u>	<u>38,105</u>	<u>600</u>
Non-controlling interests	<u>40,780</u>	<u>40,382</u>	<u>388</u>
Total Net assets	<u>427,617</u>	<u>406,002</u>	<u>4,073</u>
Total Liabilities and Net assets	<u>1,065,130</u>	<u>996,827</u>	<u>10,144</u>

Consolidated Statements of Income

	Millions of yen		Millions of U.S. dollars
	6 months 1H FY2020 (Apr.-Sep.)	6 months 1H FY2019 (Apr.-Sep.)	<i>6 months 1H FY2020 (Apr.-Sep.)</i>
Net sales	356,993	406,661	3,400
Cost of sales	268,559	308,113	2,558
Gross profit	88,433	98,548	842
Selling, general and administrative expenses	83,138	87,431	792
Operating income	5,295	11,116	50
Non-operating income			
Interest income	141	123	1
Dividends income	1,559	1,541	15
Other	489	575	5
Total Non-operating income	2,190	2,240	21
Non-operating expenses			
Interest expense	723	678	7
Equity in losses of affiliates	437	568	4
Foreign exchange losses	546	953	5
Other	614	294	6
Total Non-operating expenses	2,321	2,495	22
Ordinary income	5,164	10,861	49
Extraordinary income			
Gain on sales of noncurrent assets	39	206	0
Gain on sales of investment securities	248	207	2
Total Extraordinary income	287	414	3
Extraordinary loss			
Loss on disposal of noncurrent assets	245	298	2
Loss on valuation of investment securities	-	429	-
Loss on compensation for damage	-	421	-
Total Extraordinary loss	245	1,149	2
Income before income taxes	5,206	10,126	50
Income taxes	2,164	3,193	21
Net income	3,042	6,933	29
Net income attributable to non-controlling interests	977	954	9
Net income attributable to owners of parent	2,065	5,978	20

Consolidated Statements of Comprehensive Income

	Millions of yen		<i>Millions of U.S. dollars</i>
	6 months 1H FY2020 (Apr.-Sep.)	6 months 1H FY2019 (Apr.-Sep.)	<i>6 months 1H FY2020 (Apr.-Sep.)</i>
Net income	3,042	6,933	29
Other comprehensive income			
Valuation difference on available-for-sale securities	24,857	3,191	237
Deferred gains or losses on hedges	330	(214)	3
Foreign currency translation adjustments	(673)	(4,768)	(6)
Remeasurements of defined benefit plans	590	493	6
Share of other comprehensive income of associates accounted for using equity method	(68)	59	(1)
Total other comprehensive Income	<u>25,036</u>	<u>(1,238)</u>	<u>238</u>
Comprehensive income	<u>28,078</u>	<u>5,694</u>	<u>267</u>
Comprehensive income attributable to owners of parent	<u>26,914</u>	<u>5,406</u>	<u>256</u>
Comprehensive income attributable to non-controlling interests	1,164	288	11

Consolidated Statements of Cash Flows

	Millions of yen		Millions of U.S. dollars
	6 months 1H FY2020 (Apr.-Sep.)	6 months 1H FY2019 (Apr.-Sep.)	<i>6 months 1H FY2020 (Apr.-Sep.)</i>
I Cash flows from operating activities			
Income before income taxes	5,206	10,126	50
Depreciation and amortization	17,274	15,109	165
Increase (decrease) in allowance for doubtful accounts	67	(19)	1
Interest and dividends income	(1,701)	(1,664)	(16)
Interest expenses	723	678	7
Foreign exchange losses (gains)	148	8	1
Loss (gain) on sales of noncurrent assets	(39)	(206)	(0)
Loss (gain) on sales of investment securities	(248)	(207)	(2)
Loss (gain) on disposal of noncurrent assets	245	298	2
Loss (gain) on devaluation of investment securities	-	429	-
Decrease (increase) in notes and accounts receivable-trade	68,598	39,872	653
Decrease (increase) in inventories	(20,455)	(28,880)	(195)
Increase (decrease) in notes and accounts payable-trade	(46,142)	(25,722)	(439)
Increase (decrease) in advances received	(5,213)	12,218	(50)
Other, net	(16,385)	(12,908)	(156)
Subtotal	<u>2,078</u>	<u>9,132</u>	<u>20</u>
Interest and dividends income received	1,709	1,678	16
Interest expenses paid	(708)	(663)	(7)
Income taxes paid	<u>(5,202)</u>	<u>(8,861)</u>	<u>(50)</u>
Net cash provided by (used in) operating activities	<u>(2,122)</u>	<u>1,286</u>	<u>(20)</u>
II Cash flows from investing activities			
Purchase of property, plant and equipment	(10,076)	(12,739)	(96)
Proceeds from sales of property, plant and equipment	329	471	3
Purchase of investment securities	(16)	(622)	(0)
Proceeds from sales of investment securities	436	303	4
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(9,413)	-
Payments of loans receivable	(1,302)	(3,164)	(12)
Collection of loans receivable	1,600	3,072	15
Other, net	<u>(1,813)</u>	<u>(1,755)</u>	<u>(17)</u>
Net cash provided by (used in) investing activities	<u>(10,842)</u>	<u>(23,847)</u>	<u>(103)</u>
III Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	(2,396)	(826)	(23)
Increase (decrease) in commercial papers	75,500	34,000	719
Proceeds from long-term loans payable	62,000	15,798	590
Repayment of long-term loans payable	(337)	(17,862)	(3)
Redemption of bonds	(15,000)	-	(143)
Repayments of lease obligations	(8,710)	(6,877)	(83)
Purchase of treasury stock	(4)	(4)	(0)
Cash dividends paid	(5,713)	(5,713)	(54)
Cash dividends paid to non-controlling interests	(1,132)	(1,422)	(11)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(242)	-
Proceeds from share issuance to non-controlling shareholders	105	-	1
Net cash provided by (used in) financing activities	<u>104,310</u>	<u>16,849</u>	<u>993</u>
IV Effect of exchange rate change on cash and cash equivalents	(415)	(758)	(4)
V Net increase (decrease) in cash and cash equivalents (I + II + III + IV)	<u>90,930</u>	<u>(6,470)</u>	<u>866</u>
VI Cash and cash equivalents at beginning of period	63,746	29,134	607
VII Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	17	-	0
VIII Cash and cash equivalents at end of period	<u>154,694</u>	<u>22,664</u>	<u>1,473</u>

Consolidated Segment Information

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

6 months 1H FY2020 (Apr.-Sep.)

	Millions of yen								
	Power Electronics Systems Energy	Power Electronics Systems Industry	Electronic Devices	Food and Beverage Distribution	Power Generation	Others	Total	Adjustments	Consolidated
Net Sales									
Sales to third parties	80,546	122,869	70,880	37,535	32,536	12,625	356,993	-	356,993
Inter-segment sales and transfers	1,241	5,355	1,566	120	122	12,435	20,842	(20,842)	-
Total sales	81,787	128,224	72,447	37,655	32,659	25,060	377,836	(20,842)	356,993
Segment profits (losses)	1,597	186	6,323	(2,581)	1,099	750	7,374	(2,079)	5,295

6 months 1H FY2019 (Apr.-Sep.)

	Millions of yen								
	Power Electronics Systems Energy	Power Electronics Systems Industry	Electronic Devices	Food and Beverage Distribution	Power Generation	Others	Total	Adjustments	Consolidated
Net Sales									
Sales to third parties	97,009	133,538	64,315	54,523	41,778	15,495	406,661	-	406,661
Inter-segment sales and transfers	1,094	5,164	1,473	163	55	15,222	23,173	(23,173)	-
Total sales	98,103	138,703	65,788	54,687	41,834	30,718	429,835	(23,173)	406,661
Segment profits (losses)	3,630	(664)	5,989	2,920	799	1,150	13,826	(2,710)	11,116

6 months 1H FY2020 (Apr.-Sep.)

	Millions of U.S. dollars								
	Power Electronics Systems Energy	Power Electronics Systems Industry	Electronic Devices	Food and Beverage Distribution	Power Generation	Others	Total	Adjustments	Consolidated
Net Sales									
Sales to third parties	767	1,170	675	357	310	120	3,400	-	3,400
Inter-segment sales and transfers	12	51	15	1	1	118	198	(198)	-
Total sales	779	1,221	690	359	311	239	3,598	(198)	3,400
Segment profits (losses)	15	2	60	(25)	10	7	70	(20)	50

Supplemental Consolidated Financial Materials

1. Financial summary

	Billions of yen					
	3 months	6 months	[Forecast]	3 months	6 months	
	2Q FY2020	1H FY2020	FY2020	2Q FY2019	1H FY2019	FY2019
	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)
Net sales	188.1	357.0	870.0	230.7	406.7	900.6
Operating income	2.9	5.3	41.0	7.5	11.1	42.5
Ordinary income	2.5	5.2	42.5	7.0	10.9	44.5
Net income attributable to owners of parent	0.7	2.1	27.5	3.4	6.0	28.8

2. Number of consolidated subsidiaries

	Yen					
	3 months	6 months	[Forecast]	3 months	6 months	
	2Q FY2020	1H FY2020	FY2020	2Q FY2019	1H FY2019	FY2019
	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)
Number of consolidated subsidiaries	74	74	74	73	73	73
Japan	23	23	23	23	23	23
Overseas	51	51	51	50	50	50
Number of equity-method associates	4	4	4	4	4	4

3. Net income per share

	Yen					
	3 months	6 months	[Forecast]	3 months	6 months	
	2Q FY2020	1H FY2020	FY2020	2Q FY2019	1H FY2019	FY2019
	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)
Net income per share(*)	4.96	14.46	192.52	24.15	41.85	201.57

4. Average exchange rates (Yen)

	Yen					
	3 months	6 months	[Forecast]	3 months	6 months	
	2Q FY2020	1H FY2020	FY2020	2Q FY2019	1H FY2019	FY2019
	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)
US\$	106.22	106.92	104.46	107.35	108.63	108.74
EURO	124.11	121.30	120.65	119.34	121.42	120.82
RMB	15.35	15.26	15.13	15.29	15.68	15.60

5. Net sales by reporting segment

	Billions of yen					
	3 months	6 months	[Forecast]	3 months	6 months	
	2Q FY2020	1H FY2020	FY2020	2Q FY2019	1H FY2019	FY2019
	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)
Power Electronics Systems Energy	43.4	81.8	202.0	55.7	98.1	218.0
Power Electronics Systems Industry	70.3	128.2	336.0	85.2	138.7	317.5
Electronic Devices	37.4	72.4	142.0	32.9	65.8	137.4
Food and Beverage Distribution	18.6	37.7	94.0	25.9	54.7	104.4
Power Generation	17.0	32.7	87.0	27.2	41.8	109.9
Others	12.9	25.1	53.0	15.7	30.7	60.8
Subtotal	199.6	377.8	914.0	242.6	429.8	948.1
Elimination	(11.5)	(20.8)	(44.0)	(12.0)	(23.2)	(47.5)
Total	188.1	357.0	870.0	230.7	406.7	900.6

6. Operating income by reporting segment

	Billions of yen					
	3 months	6 months	[Forecast]	3 months	6 months	
	2Q FY2020	1H FY2020	FY2020	2Q FY2019	1H FY2019	FY2019
	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)
Power Electronics Systems Energy	0.4	1.6	9.6	2.4	3.6	12.3
Power Electronics Systems Industry	1.6	0.2	18.5	2.1	(0.7)	16.5
Electronic Devices	3.6	6.3	12.9	2.7	6.0	9.7
Food and Beverage Distribution	(2.4)	(2.6)	0.6	0.7	2.9	3.8
Power Generation	0.2	1.1	3.9	0.2	0.8	2.3
Others	0.4	0.8	1.6	0.6	1.2	2.7
Subtotal	3.8	7.4	47.1	8.8	13.8	47.4
Elimination	(0.9)	(2.1)	(6.1)	(1.3)	(2.7)	(4.9)
Total	2.9	5.3	41.0	7.5	11.1	42.5

7. Net overseas sales

	Billions of yen					
	3 months	6 months	[Forecast]	3 months	6 months	
	2Q FY2020	1H FY2020	FY2020	2Q FY2019	1H FY2019	FY2019
	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)
Asia (except for China)	22.7	45.9	-	31.2	55.8	124.6
China	18.9	38.1	-	16.1	32.7	62.6
Europe	3.8	7.7	-	4.1	8.8	19.0
America	3.2	5.9	-	3.2	6.3	14.7
Total	48.6	97.6	-	54.7	103.5	220.9

8. R&D expenditures

	Billions of yen					
	3 months	6 months	[Forecast]	3 months	6 months	
	2Q FY2020	1H FY2020	FY2020	2Q FY2019	1H FY2019	FY2019
	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)
Power Electronics Systems Energy	1.6	3.0	6.9	1.8	3.3	7.1
Power Electronics Systems Industry	2.4	4.5	9.3	2.3	4.4	8.7
Electronic Devices	2.6	5.0	10.8	2.7	5.4	10.9
Food and Beverage Distribution	1.2	2.1	4.3	1.2	2.2	4.4
Power Generation	0.8	1.3	3.2	0.8	1.4	3.3
Others	0.0	0.0	0.0	0.0	0.0	0.1
Total	8.6	15.9	34.4	8.6	16.7	34.5
Ratio to net sales (%)	4.6%	4.5%	4.0%	3.7%	4.1%	3.8%

9. Plant and equipment investment (including leases)

	Billions of yen					
	3 months	6 months	[Forecast]	3 months	6 months	
	2Q FY2020	1H FY2020	FY2020	2Q FY2019	1H FY2019	FY2019
	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)
Power Electronics Systems Energy	1.6	3.3	8.3	1.8	3.0	8.5
Power Electronics Systems Industry	0.8	1.4	4.5	1.1	1.8	4.3
Electronic Devices	5.6	9.7	21.4	7.8	14.7	31.3
Food and Beverage Distribution	0.3	0.6	1.8	0.5	0.7	2.3
Power Generation	0.3	0.4	1.0	0.3	0.3	1.0
Others	0.4	0.6	0.9	0.2	0.4	0.8
Total	9.0	16.0	38.0	11.6	21.0	48.2
(Leases)	5.0	8.1	18.3	7.0	13.3	29.1

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

10. Depreciation, Leases paid

	Billions of yen					
	3 months	6 months	[Forecast]	3 months	6 months	
	2Q FY2020	1H FY2020	FY2020	2Q FY2019	1H FY2019	FY2019
	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)
Power Electronics Systems Energy	1.2	2.4	5.3	1.2	2.5	5.1
Power Electronics Systems Industry	1.1	2.1	4.4	1.0	2.0	4.2
Electronic Devices	4.5	8.8	18.4	3.5	6.9	15.4
Food and Beverage Distribution	0.5	1.1	2.2	0.5	1.0	2.2
Power Generation	0.3	0.6	1.2	0.3	0.6	1.2
Others	0.2	0.5	0.9	0.3	0.5	1.1
Total	7.8	15.5	32.5	6.9	13.5	29.1
(Leases)	0.3	0.5	1.2	0.3	0.5	1.0

11. Number of employees

	Billions of yen					
	3 months	6 months	[Forecast]	3 months	6 months	
	2Q FY2020	1H FY2020	FY2020	2Q FY2019	1H FY2019	FY2019
	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)	(Jul.-Sep.)	(Apr.-Sep.)	(Apr.-Mar.)
Power Electronics Systems Energy	6,712	6,712	6,696	6,688	6,688	6,676
Power Electronics Systems Industry	9,199	9,199	9,236	8,482	8,482	9,129
Electronic Devices	6,630	6,630	6,523	6,722	6,722	6,621
Food and Beverage Distribution	2,301	2,301	2,305	2,395	2,395	2,346
Power Generation	1,237	1,237	1,211	1,244	1,244	1,224
Others	1,996	1,996	1,998	1,997	1,997	1,964
Total	28,075	28,075	27,969	27,528	27,528	27,960
Japan	17,968	17,968	17,853	17,863	17,863	17,681
Overseas	10,107	10,107	10,116	9,665	9,665	10,279

Financial Performance

(1) Qualitative Information regarding Consolidated Results of Operations

In the fiscal year ended March 31, 2020, Fuji Electric launched Reiwa Prosperity 2023, a new five-year medium-term management plan slated to conclude with the fiscal year ending March 31, 2024, the year in which we celebrate the centennial anniversary of Fuji Electric's founding. Under this plan, the Company is implementing growth strategies prescribing the concentration of resources on growth fields, namely the power electronics systems and power semiconductor businesses, and the expansion of overseas businesses.

The operating environment for the six-month period ended September 30, 2020, saw the ongoing curtailment of investments in Japan and overseas due to the global COVID-19 pandemic, resulting in the prolongation of difficult conditions. In China, meanwhile, economic activities were quickly resumed and there were indications of recovery in capital investment in the manufacturing industry.

Consolidated net sales in the six-month period ended September 30, 2020, decreased ¥49.7 billion year on year, to ¥357.0 billion. Factors behind this decrease included reductions in demand in the Power Electronics Systems Energy, Power Electronics Systems Industry, Food and Beverage Distribution, and Power Generation segments. These reductions in demand were a result of the capital investment curtailments and delivery delays stemming from the restrictions placed on business activities for the purpose of combating the global COVID-19 pandemic. Another factor was the rebound from large-scale orders recorded in the previous equivalent period.

As a result of large decreases in net sales and in production volumes, which offset the benefits of fixed cost and other cost reduction efforts, consolidated operating income decreased ¥5.8 billion year on year, to ¥5.3 billion; ordinary income was down ¥5.7 billion, to ¥5.2 billion; and net income attributable to owners of parent declined ¥3.9 billion, to ¥2.1 billion.

Consolidated results of operations for the six-month period were as follows.

	(¥ billion)		
	Six-month period ended September 30, 2019	Six-month period ended September 30, 2020	Change
Net sales	406.7	357.0	(49.7)
Operating income	11.1	5.3	(5.8)
Ordinary income	10.9	5.2	(5.7)
Net income attributable to owners of parent	6.0	2.1	(3.9)

Results by Segment

Power Electronics Systems Energy

Net sales: ¥81.8 billion (down 17% year on year)

Operating income: ¥1.6 billion (down ¥2.0 billion year on year)

In the Power Electronics Systems Energy segment, net sales and operating income were down year on year primarily as a result of the decline in demand in the energy management and ED&C components businesses.

- In the energy management business, net sales and operating results were down year on year as a result of a decline in demand for smart meters and industrial power supply equipment.

- In the power supply and facility systems business, net sales and operating results were down year on year as a result of the rebound from large-scale projects recorded in electrical facility and switchgear and controlgear operations in the previous equivalent period.
- In the ED&C components business, net sales and operating results were down year on year due to the reduced demand from Japanese manufacturers of machine tools and switchboard manufacturers.

Power Electronics Systems Industry

Net sales: ¥128.2 billion (down 8% year on year)

Operating income: ¥0.2 billion (compared with operating loss of ¥0.7 billion in the previous equivalent period)

In the Power Electronics Systems Industry segment, net sales were down year on year largely due to the rebound from large-scale orders recorded in the IT solutions business in the previous equivalent period while operating income was recorded, compared with operating loss in the previous equivalent period, due to the benefits of cost reduction activities.

- In the automation systems business, net sales and operating results were down year on year, despite the rise in demand for ship exhaust gas cleaning systems as well as the higher demand for low-voltage inverters and factory automation components seen in China, as a result of sluggish demand in other fields in Japan.
- In the social solutions business, net sales and operating results improved year on year thanks to increases in large-scale projects for electrical equipment for railcars.
- In the equipment construction business, net sales decreased year on year due to delays in capital investment plans and the rebound from large-scale electrical equipment construction projects recorded in the previous equivalent period, but operating results improved year on year due to the benefits of cost reduction efforts.
- In the IT solutions business, net sales were down year on year due to the rebound from large-scale projects recorded in the previous equivalent period, but operating results were relatively unchanged year on year because of differences in profitability between projects.

Electronic Devices

Net sales: ¥72.4 billion (up 10% year on year)

Operating income: ¥6.3 billion (up ¥0.3 billion year on year)

- In the electronic devices business, net sales and operating results improved year on year thanks to the increased demand for power semiconductors for the new energy market and for electrified vehicles (xEVs).

Food and Beverage Distribution

Net sales: ¥37.7 billion (down 31% year on year)

Operating loss: ¥2.6 billion (compared with operating income of ¥2.9 billion in the previous equivalent period)

In the Food and Beverage Distribution segment, net sales decreased and operating loss was posted due to reduced demand in the vending machine and store distribution businesses as a result of the capital investment curtailments and delivery delays stemming from the global COVID-19 pandemic.

- In the vending machine business, net sales and operating results were down year on year due to the self-restraint exercised in sales activities and reductions in capital investment by Japanese beverage manufacturers as well as lower demand in the Chinese market.
- In the store distribution business, net sales and operating results were down year on year because of a decline in demand for store equipment for convenience stores and cancellations of and delays in some renovation works.

Power Generation

Net sales: ¥32.7 billion (down 22% year on year)

Operating income: ¥1.1 billion (up ¥0.3 billion year on year)

- In the power generation business, net sales were down year on year due to the rebound from large-scale thermal power system projects recorded in the previous equivalent period, but operating results improved year on year because of differences in profitability between projects.

Others

Net sales: ¥25.1 billion (down 18% year on year)

Operating income: ¥0.8 billion (down ¥0.4 billion year on year)

(2) Quantitative Information regarding Consolidated Financial Position

(¥ billion)

	March 31, 2020	Breakdown (%)	September 30, 2020	Breakdown (%)	Change
Total assets	996.8	100.0	1,065.1	100.0	+68.3
Interest-bearing debt	217.4	21.8	338.0	31.7	+120.6
Shareholder's equity*1	365.6	36.7	386.8	36.3	+21.2
Debt-to-equity ratio*2 (times)	0.6		0.9		+0.3

*1 Shareholders' equity = Total net assets – Non-controlling interests

*2 Debt-to-equity ratio = Interest-bearing debt / Shareholders' equity

Total assets on September 30, 2020, stood at ¥1,065.1 billion, an increase of ¥68.3 billion from the end of the previous fiscal year. Total current assets increased ¥46.6 billion primarily as a result of rises in cash and deposits and inventories, which offset a decline in notes and accounts receivable-trade. Total noncurrent assets were up ¥21.7 billion thanks to an increase due to an increase stemming from valuation difference on available-for-sale securities.

Interest-bearing debt as of September 30, 2020, amounted to ¥338.0 billion, up ¥120.6 billion from the previous fiscal year-end. Further, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—increased ¥29.6 billion from the previous fiscal year-end, amounting to ¥183.3 billion on September 30, 2020.

Net assets on September 30, 2020, was ¥427.6 billion, up ¥21.6 billion from the previous fiscal year-end. This outcome was because of an increase associated with valuation difference on available-for-sale securities. In addition, shareholders' equity—total net assets net of non-controlling interests—was up ¥21.2 billion from the previous fiscal year-end, standing at ¥386.8 billion on September 30, 2020. The debt-to-equity ratio (interest-bearing debt ÷ shareholders' equity) was 0.9 times, up 0.3 times from the previous fiscal year. Also, the net debt-to-equity ratio (net interest-bearing debt ÷ shareholders' equity) was 0.5 times, up 0.1 times from the previous fiscal year-end.

In the six-month period ended September 30, 2020, consolidated free cash flow (net cash from operating activities + net cash from investing activities) was a negative ¥13.0 billion, an improvement of ¥9.6 billion compared with a negative free cash flow of ¥22.6 billion in the previous equivalent period.

Cash flows from operating activities

Net cash used in operating activities was ¥2.1 billion, compared with net cash provided by operating activities of ¥1.3 billion in the previous equivalent period. Major factors increasing cash included a decrease in notes and accounts receivable-trade. Major factors decreasing cash included an increase in inventories and a decrease in notes and accounts payable-trade.

This was a deterioration of ¥3.4 billion year on year

Cash flows from investing activities

Net cash used in investing activities was ¥10.8 billion, compared with ¥23.8 billion in the previous equivalent period. This was primarily related to the purchase of property, plant and equipment.

This was an improvement of ¥13.0 billion year on year.

Cash flows from financing activities

Net cash provided by financing activities was ¥104.3 billion, compared with ¥16.8 billion in the previous equivalent period. This was principally due to increases in commercial papers and proceeds from long-term loans payable.

As a result, consolidated cash and cash equivalents on September 30, 2020, amounted to ¥154.7 billion, up ¥90.9 billion from the previous fiscal year-end.

(3) Qualitative Information regarding Consolidated Forecasts and Forecast Information

In *Consolidated Financial Report for the fiscal year ending March 31, 2020*, released on May 29, 2020, the Company had left its forecast for consolidated business results in the fiscal year ending March 31, 2021, undecided. This forecast has since been decided as follows.

The forecast assumes exchange rates of US\$1 = ¥102, €1 = ¥120, and RMB1 = ¥15 for the period from October 1, 2020, onward.

(Consolidated Forecasts for the Fiscal Year Ending March 31, 2021) (¥ billion)

	Fiscal year ended March 31, 2020 Results	Fiscal year ending March 31, 2021 Forecast	Change
Net sales	900.6	870.0	(30.6)
Operating income	42.5	41.0	(1.5)
Ordinary income	44.5	42.5	(2.0)
Net income attributable to owners of parent	28.8	27.5	(1.3)

(Forecasts by Segment) (¥ billion)

	Fiscal year ended March 31, 2020 Results		Fiscal year ending March 31, 2021 Forecast		Change	
	Net sales	Operating income (loss)	Net sales	Operating income (loss)	Net sales	Operating income (loss)
Power Electronics Systems Energy	218.0	12.3	202.0	9.6	(16.0)	(2.7)
Power Electronics Systems Industry	317.5	16.5	336.0	18.5	18.5	2.0
Electronic Devices	137.4	9.7	142.0	12.9	4.6	3.2
Food and Beverage Distribution	104.4	3.8	94.0	0.6	(10.4)	(3.2)
Power Generation	109.9	2.3	87.0	3.9	(22.9)	1.6
Others	60.8	2.7	53.0	1.6	(7.8)	(1.1)
Elimination and Corporate	(47.5)	(4.9)	(44.0)	(6.1)	3.5	(1.2)
Total	900.6	42.5	870.0	41.0	(30.6)	(1.5)