

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 five-year medium-term management plan slated to conclude with the fiscal year ending March 31, 2024, the year in which we will 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.

In the three-month period ended June 30, 2021, the operating environment continued to recover from the impacts of the global COVID-19 pandemic. Specifically, recovery in capital investment by manufacturers created strong demand related to machine tools while the rising needs for automobile electrification and renewable energy stimulated substantial growth in semiconductor demand.

Against this backdrop, consolidated net sales in the three-month period ended June 30, 2021, increased ¥21.1 billion year on year, to ¥190.0 billion, as a result of higher demand centered on the Semiconductor, Power Electronics Systems Energy and Power Electronics Systems Industry segments.

As a result of the higher net sales, consolidated operating income rose ¥2.9 billion year on year, to ¥5.3 billion; ordinary income was up ¥3.3 billion, to ¥5.9 billion; and net income attributable to owners of parent increased ¥3.6 billion, to ¥5.0 billion.

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

	(¥ billion)		
	Three-month period ended June 30, 2020	Three-month period ended June 30, 2021	Change
Net sales	168.8	190.0	21.1
Operating income	2.4	5.3	2.9
Ordinary income	2.6	5.9	3.3
Net income attributable to owners of parent	1.4	5.0	3.6

Results by Segment

Power Electronics Systems Energy

Net sales: ¥47.4 billion (up 24% year on year)

Operating income: ¥1.1 billion (down ¥0.1 billion year on year)

In the Power Electronics Systems Energy segment, net sales were up year on year due to higher demand in all businesses. Operating income, meanwhile, was down year on year, despite higher income in the ED&C components business, as a result of differences in profitability between projects in other businesses.

- In the energy management business, net sales were up year on year as a result of large-scale projects for substation equipment for the power distribution and industrial fields, but operating results were down year on year because of differences in profitability between projects.

- In the power supply and facility systems business, net sales were up year on year as a result of large-scale data center- and semiconductor-related projects, but operating results were down year on year because of differences in profitability between projects.

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

Power Electronics Systems Industry

Net sales: ¥62.6 billion (up 8% year on year)

Operating income: ¥0.2 billion (Compared with operating loss of ¥1.4 billion in the previous equivalent period)

In the Power Electronics Systems Industry segment, net sales and operating income were up year on year due to higher demand seen primarily in the automation systems business, which offset the decline in sales in the IT solutions business.

- In the automation systems business, net sales and operating results improved year on year due to the higher demand seen centered on low-voltage inverters and factory automation components in Japan and overseas.

- In the social solutions business, net sales and operating results improved year on year thanks to increases in demand for electrical equipment for railcars and radiation monitoring systems.

- In the equipment construction business, net sales increased year on year due to higher demand for electrical equipment construction, but operating results were down year on year because of differences in profitability between projects.

- In the IT solutions business, net sales decreased year on year due to the absence of the large-scale public-sector projects recorded in the previous equivalent period, but operating results improved year on year because of differences in profitability between projects.

Note: Effective October 1, 2020, ship exhaust gas cleaning system operations were transferred from the automation systems business to the social solutions business. Figures for the previous fiscal year have been restated to reflect this change.

Semiconductor

Net sales: ¥44.5 billion (up 27% year on year)

Operating income: ¥5.6 billion (up ¥2.8 billion year on year)

• In the semiconductor business, net sales and operating results improved year on year thanks to the increased demand for power semiconductors for electrified vehicles (xEVs) and for industrial applications. The higher demand compensated for the rise in expenses for bolstering power semiconductor production capacity and for conducting research and development.

Power Generation

Net sales: ¥12.0 billion (down 24% year on year)

Operating loss: ¥0.7 billion (Compared with operating income of ¥0.9 billion in the previous equivalent period)

• In the power generation business, net sales were down year on year due to the rebound from a large-scale renewable energy project recorded in the previous equivalent period. Operating results were down year on year because of the lower net sales and differences in profitability between projects.

Food and Beverage Distribution

Net sales: ¥22.1 billion (up 16% year on year)

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

In the Food and Beverage Distribution segment, net sales and operating income increased due to higher demand in the store distribution business.

• In the vending machine business, net sales and operating results were down year on year due to the postponement of capital investment plans by Japanese beverage manufacturers, a factor that counteracted the benefits of cost reduction activities.

• In the store distribution business, net sales and operating results were up year on year because of an increase in demand for store equipment for convenience stores.

Others

Net sales: ¥12.3 billion (up 1% year on year)

Operating income: ¥0.5 billion (up ¥0.2 billion year on year)

Note: Effective April 1, 2021, the Electronic Devices segment was renamed the Semiconductor segment.

(2) Quantitative Information regarding Consolidated Financial Position

(¥ billion)

	March 31, 2021	Breakdown (%)	June 30, 2021	Breakdown (%)	Change
Total assets	1,052.0	100.0	1,019.0	100.0	(32.9)
Interest-bearing debt	216.2	20.6	214.7	21.1	(1.5)
Equity* ¹	417.0	39.6	426.4	41.8	+9.4
Debt-to-equity ratio* ² (times)	0.5		0.5		0.0

*1 Equity = Total net assets - Non-controlling interests

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

Total assets on June 30, 2021, stood at ¥1,019.0 billion, a decrease of ¥32.9 billion from the end of the previous fiscal year. Total current assets decreased ¥39.7 billion primarily as a result of decreases in notes and accounts receivable-trade, contract assets, and inventories, which offset an increase in cash and deposits. Total noncurrent assets were up ¥6.8 billion due to an increase stemming from valuation difference on available-for-sale securities.

Interest-bearing debt as of June 30, 2021, amounted to ¥214.7 billion, down ¥1.5 billion from the previous fiscal year-end. Further, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—decreased ¥11.5 billion from the previous fiscal year-end, amounting to ¥129.4 billion on June 30, 2021.

Net assets on June 30, 2021, was ¥471.1 billion, up ¥9.8 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, equity—total net assets net of non-controlling interests—was up ¥9.4 billion from the previous fiscal year-end, standing at ¥426.4 billion on June 30, 2021. The debt-to-equity ratio (interest-bearing debt ÷ equity) was 0.5 times, unchanged from the previous fiscal year-end. Also, the net debt-to-equity ratio (net interest-bearing debt ÷ shareholders' equity) was 0.3 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, 2021, Fuji Electric has chosen not to revise the consolidated forecast for business results for the fiscal year ending March 31, 2022, that was announced together with financial results for the fiscal year ended March 31, 2021, on April 27, 2021.

The forecast assumes exchange rates of US\$1 = ¥102, €1 = ¥123, and RMB1 = ¥15.5 for the period from July 1, 2021, onward.

(Consolidated Forecasts for the Six-Month Period Ending September 30, 2021) (¥ billion)

	Previous announcement	Today's announcement	Change
Net sales	410.0	410.0	0.0
Operating income	11.5	11.5	0.0
Ordinary income	11.0	11.0	0.0
Net income attributable to owners of parent	8.0	8.0	0.0

(Consolidated Forecasts for the Fiscal Year Ending March 31, 2022) (¥ billion)

	Previous announcement	Today's announcement	Change
Net sales	900.0	900.0	0.0
Operating income	60.0	60.0	0.0
Ordinary income	61.0	61.0	0.0
Net income attributable to owners of parent	42.0	42.0	0.0

(Reference: Consolidated Forecasts for the Fiscal Year Ending March 31, 2022, by Segment)

(¥billion)

	Net sales			Operating income (loss)		
	Previous announcement	Today's announcement	Change	Previous announcement	Today's announcement	Change
Power Electronics Systems Energy	217.0	217.0	0.0	15.2	15.2	0.0
Power Electronics Systems Industry	329.0	329.0	0.0	22.2	22.2	0.0
Semiconductor	174.0	174.0	0.0	21.6	21.6	0.0
Power Generation	84.0	84.0	0.0	3.3	3.3	0.0
Food and Beverage Distribution	87.5	87.5	0.0	2.7	2.7	0.0
Others	50.0	50.0	0.0	1.8	1.8	0.0
Elimination and Corporate	(41.5)	(41.5)	0.0	(6.8)	(6.8)	0.0
Total	900.0	900.0	0.0	60.0	60.0	0.0