

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 and power semiconductor businesses, and the expansion of overseas businesses.

In the nine-month period ended December 31, 2021, the market continued to feel the effects of soaring material prices and semiconductor shortages. Meanwhile, an ongoing rise was seen in capital investment by the manufacturing industry in the midst of a recovery from the impacts of the global COVID-19 pandemic. Amid these trends, high levels of demand were seen for machine tools while the rising needs for automobile electrification and energy saving stimulated substantial growth in ED&C components, automation systems, and semiconductor demand.

Against this backdrop, consolidated net sales in the nine-month period ended December 31, 2021, increased ¥58.7 billion year on year, to ¥620.0 billion, despite the impacts of difficulties procuring parts on production, as a result of higher sales in all segments, except the Power Generation segment, achieved by optimizing supply chains and taking other steps to cater to the robust demand.

Although high material prices impacted income, overall income benefited from sales growth coupled with cost reduction activities and increases to product sales prices. As a result, consolidated operating income rose ¥18.6 billion year on year, to ¥32.7 billion; ordinary income was up ¥20.2 billion, to ¥34.1 billion; and net income attributable to owners of parent of ¥25.4 billion was recorded, compared with net loss attributable to owners of parent of ¥4.0 billion in the previous equivalent period. All three figures represented record highs for a nine-month period.

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

	(¥ billion)		
	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2021	Change
Net sales	561.3	620.0	58.7
Operating income	14.1	32.7	18.6
Ordinary income	14.0	34.1	20.2
Net income (loss) attributable to owners of parent	(4.0)	25.4	29.4

Results by Segment

Power Electronics Energy

Net sales: ¥162.1 billion (up 19% year on year)

Operating income: ¥9.2 billion (up ¥4.2 billion year on year)

In the Power Electronics Energy segment, net sales and operating income were up year on year due to higher demand in all businesses centered on the ED&C components business.

- In the energy management business, net sales were up year on year as a result of large-scale projects for power supply 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 and operating results improved year on year as a result of increased 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 significantly higher demand from domestic and overseas manufacturers of machine tools and other finished equipment.

Power Electronics Industry

Net sales: ¥213.7 billion (up 6% year on year)

Operating income: ¥6.6 billion (up ¥4.3 billion year on year)

In the Power Electronics 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 large-scale projects for electrical equipment for railcars.
- In the equipment construction business, net sales and operating results improved year on year due to higher demand for electrical and air-conditioning equipment construction.
- In the IT solutions business, net sales and operating results decreased year on year due to the absence of the large-scale public- and academic-sector projects recorded in the previous equivalent period.

Semiconductor

Net sales: ¥129.4 billion (up 15% year on year)

Operating income: ¥19.2 billion (up ¥7.7 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 substantial growth in demand for power semiconductors for electrified vehicles (xEVs) and for industrial applications. Operating results improved year on year as the large increase in net sales offset the rise in expenses for bolstering power semiconductor production capacity and for conducting research and development.

Power Generation

Net sales: ¥44.3 billion (down 13% year on year)

Operating loss: ¥1.1 billion (compared with operating income of ¥1.8 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: ¥65.3 billion (up 21% year on year)

Operating income: ¥1.6 billion (compared with operating loss of ¥4.4 billion in the previous equivalent period)

• In the vending machine business, net sales were up year on year following growth in demand in Japan and overseas while operating results improved due to the higher sales and 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: ¥39.4 billion (up 3% year on year)

Operating income: ¥1.7 billion (up ¥0.5 billion year on year)

Notes:

1. Effective April 1, 2021, the Electronic Devices segment was renamed the Semiconductor segment.
2. Effective July 1, 2021, the Power Electronics Systems Energy segment was renamed the Power Electronics Energy segment and the Power Electronics Systems Industry segment was renamed the Power Electronics Industry segment.

(2) Quantitative Information regarding Consolidated Financial Position

(¥ billion)

	March 31, 2021	Breakdown (%)	December 31, 2021	Breakdown (%)	Change
Total assets	1,052.0	100.0	1,050.6	100.0	(1.3)
Interest-bearing debt	216.2	20.6	208.0	19.8	(8.2)
Equity* ¹	417.0	39.6	436.7	41.6	+19.7
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 December 31, 2021, stood at ¥1,050.6 billion, a decrease of ¥1.3 billion from the end of the previous fiscal year. Total current assets were down ¥4.2 billion primarily as a result of a decrease in inventories. Total noncurrent assets were up ¥2.9 billion due to an increase in property, plant and equipment.

Interest-bearing debt as of December 31, 2021, amounted to ¥208.0 billion, down ¥8.2 billion from the previous fiscal year-end. Further, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—decreased ¥6.7 billion from the previous fiscal year-end, amounting to ¥134.1 billion on December 31, 2021.

Net assets on December 31, 2021, were ¥483.9 billion, up ¥22.6 billion from the previous fiscal year-end. This outcome was because of higher retained earnings and an increase associated with foreign currency translation adjustments. In addition, equity—total net assets net of noncontrolling interests—was up ¥19.7 billion from the previous fiscal year-end, standing at ¥436.7 billion on December 31, 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 ÷ 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 nine-month period ended December 31, 2021, Fuji Electric has chosen to revise the consolidated forecasts for business results for the fiscal year ending March 31, 2022, that were announced together with financial results for the six-month period ended September 30, 2021, on October 28, 2021.

The forecasts assume exchange rates of US\$1 = ¥107, €1 = ¥127, and RMB1 = ¥16.5 for the period from January 1, 2022, onward.

(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	67.0	72.0	5.0
Ordinary income	68.0	73.0	5.0
Net income attributable to owners of parent	50.0	52.5	2.5

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

(¥billion)

	Previous announcement		Today's announcement		Change	
	Net sales	Operating income (loss)	Net sales	Operating income (loss)	Net sales	Operating income (loss)
Power Electronics Energy	225.0	18.0	233.0	20.0	8.0	2.0
Power Electronics Industry	333.0	25.0	325.0	25.0	(8.0)	0.0
Semiconductor	170.0	25.0	170.0	26.0	0.0	1.0
Power Generation	84.0	3.3	84.0	3.3	0.0	0.0
Food and Beverage Distribution	87.5	2.7	87.5	2.7	0.0	0.0
Others	50.0	1.8	50.0	1.8	0.0	0.0
Elimination and Corporate	(49.5)	(8.8)	(49.5)	(6.8)	0.0	2.0
Total	900.0	67.0	900.0	72.0	0.0	5.0