

**Consolidated Financial Report for the fiscal year ending March 31, 2020  
(April 1, 2019 — March 31, 2020)**

**Summary of Consolidated Financial Results**

**1. Summary of consolidated statements of operations**

	Millions of yen		Change(%) (A)/(B)	Millions of U.S. dollars
	FY2019 (A)	FY2018 (B)		FY2019
Net sales	900,604	914,915	98.4%	8,339
Operating income	42,515	59,972	70.9%	394
Ordinary income	44,513	63,479	70.1%	412
Net income attributable to owners of parent	28,793	40,267	71.5%	267
	Yen			U.S. dollars
Net income per share (*)	201.57	281.89		1.87

(\*) Fuji Electric conducted an 1-for-5 common stock consolidation effective October 1, 2018. Net income per share is calculated assuming that the share consolidation was executed at the beginning of the previous consolidated fiscal year.

**2. Summary of consolidated financial position**

	Millions of yen		Millions of U.S. dollars
	3/31/2020	3/31/2019	3/31/2020
Total assets	996,827	952,659	9,230
Net assets	406,002	392,061	3,759
Equity ratio (%)	36.7%	37.0%	-

Note: U.S. dollar amounts in this financial report are translated, for convenience only, at the rate of ¥108=U.S.\$1

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

We have not yet determined the forecast of consolidated earnings for the fiscal year ending March 31, 2021 because it is difficult to estimate the impact of the novel coronavirus disease (COVID-19) properly and reasonably at present. We will promptly disclose consolidated forecasts once we can.

< 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		Millions of U.S. dollars
	3/31/2020	3/31/2019	3/31/2020
<b>Assets</b>			
<b>Current assets:</b>			
Cash and deposits	64,073	29,304	593
Notes and accounts receivable-trade	294,504	308,831	2,727
Merchandise and finished goods	66,866	62,185	619
Work in process	67,875	63,914	628
Raw materials and supplies	53,371	50,871	494
Other	51,599	60,072	478
Allowance for doubtful accounts	(2,597)	(2,084)	(24)
<b>Total Current assets</b>	<b>595,692</b>	<b>573,096</b>	<b>5,516</b>
<b>Noncurrent assets:</b>			
Net Property, plant and equipment			
Buildings and structures, net	85,108	80,894	788
Machinery, equipment and vehicles, net	22,452	20,868	208
Tools, furniture and fixtures, net	5,689	5,899	53
Land	35,504	35,032	329
Lease assets, net	47,045	30,220	436
Construction in progress	5,045	9,210	47
Other	1,047	-	10
Net Property, plant and equipment	201,892	182,124	1,869
Intangible assets	24,606	17,843	228
Investments and other assets			
Investment securities	128,289	133,348	1,188
Long-term loans receivable	672	710	6
Net defined benefit asset	15,083	16,382	140
Deferred tax assets	17,756	16,825	164
Other	13,137	12,659	122
Allowance for doubtful accounts	(422)	(484)	(4)
<b>Total Investments and other assets</b>	<b>174,517</b>	<b>179,442</b>	<b>1,616</b>
<b>Total Noncurrent assets</b>	<b>401,016</b>	<b>379,410</b>	<b>3,713</b>
<b>Deferred assets</b>	<b>118</b>	<b>152</b>	<b>1</b>
<b>Total Assets</b>	<b>996,827</b>	<b>952,659</b>	<b>9,230</b>

**Consolidated Balance Sheets**

	Millions of yen		Millions of U.S. dollars
	3/31/2020	3/31/2019	3/31/2020
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Notes and accounts payable-trade	179,914	196,669	1,666
Short-term loans payable	21,342	48,296	198
Commercial papers	51,500	8,000	477
Current portion of bonds	15,000	-	139
Lease obligations	15,668	11,991	145
Accrued expenses	39,831	40,099	369
Income taxes payable	6,625	10,892	61
Advances received	47,203	45,496	437
Other	46,074	64,446	427
<b>Total Current liabilities</b>	<b>423,160</b>	<b>425,894</b>	<b>3,918</b>
<b>Noncurrent liabilities:</b>			
Bonds payable	35,000	50,000	324
Long-term loans payable	38,604	10,548	357
Lease obligations	39,197	25,148	363
Deferred tax liabilities	1,172	475	11
Provision for directors' retirement benefits	193	215	2
Net defined benefit liability	50,011	45,794	463
Other	3,484	2,521	32
<b>Total Noncurrent liabilities</b>	<b>167,664</b>	<b>134,704</b>	<b>1,552</b>
<b>Total Liabilities</b>	<b>590,825</b>	<b>560,598</b>	<b>5,471</b>
<b>Net Assets</b>			
<b>Shareholders' equity:</b>			
Capital stock	47,586	47,586	441
Capital surplus	45,949	46,067	425
Retained earnings	241,305	223,940	2,234
Treasury stock	(7,327)	(7,316)	(68)
<b>Total Shareholders' equity</b>	<b>327,513</b>	<b>310,276</b>	<b>3,033</b>
<b>Accumulated other comprehensive income:</b>			
Valuation difference on available-for-sale securities	44,606	43,974	413
Deferred gains or losses on hedges	(231)	(280)	(2)
Foreign currency translation adjustments	(3,545)	368	(33)
Remeasurements of defined benefit plans	(2,724)	(1,417)	(25)
<b>Total Accumulated other comprehensive income</b>	<b>38,105</b>	<b>42,645</b>	<b>353</b>
<b>Non-controlling interests</b>	<b>40,382</b>	<b>39,139</b>	<b>374</b>
<b>Total Net assets</b>	<b>406,002</b>	<b>392,061</b>	<b>3,759</b>
<b>Total Liabilities and Net assets</b>	<b>996,827</b>	<b>952,659</b>	<b>9,230</b>

**Consolidated Statements of Income**

	Millions of yen		<i>Millions of U.S. dollars</i>
	<b>FY2019</b>	FY2018	<i>FY2019</i>
<b>Net sales</b>	900,604	914,915	8,339
<b>Cost of sales</b>	680,067	679,876	6,297
<b>Gross profit</b>	220,536	235,038	2,042
<b>Selling, general and administrative expenses</b>	178,020	175,066	1,648
<b>Operating income</b>	42,515	59,972	394
<b>Non-operating income</b>			
Interest income	288	345	3
Dividends income	2,542	2,776	24
Share of profit of entities accounted for using equity method	1,416	1,682	13
Foreign exchange gains	-	89	-
Other	1,257	1,096	12
<b>Total Non-operating income</b>	5,505	5,991	51
<b>Non-operating expenses</b>			
Interest expense	1,405	1,377	13
Equity in losses of affiliates	60	520	1
Foreign exchange losses	1,326	-	12
Other	716	586	7
<b>Total Non-operating expenses</b>	3,507	2,483	32
<b>Ordinary income</b>	44,513	63,479	412
<b>Extraordinary income</b>			
Gain on sales of noncurrent assets	245	96	2
Gain on sales of investment securities	2,525	1,055	23
Foreign currency translation adjustments reversal gains	-	1,299	-
<b>Total Extraordinary income</b>	2,771	2,451	26
<b>Extraordinary loss</b>			
Loss on disposal of noncurrent assets	1,517	1,121	14
Loss on valuation of investment securities	1,481	279	14
Loss on compensation for damage	425	-	4
Impairment loss	-	2,242	-
<b>Total Extraordinary loss</b>	3,423	3,643	32
<b>Income before income taxes</b>	43,860	62,287	406
<b>Income taxes-current</b>	12,488	16,051	116
<b>Income taxes-deferred</b>	(499)	1,165	(5)
<b>Income taxes</b>	11,989	17,216	111
<b>Net income</b>	31,871	45,070	295
<b>Net income attributable to non-controlling interests</b>	3,078	4,802	29
<b>Net income attributable to owners of parent</b>	28,793	40,267	267

**Consolidated Statements of Comprehensive Income**

	Millions of yen		<i>Millions of U.S. dollars</i>
	<b>FY2019</b>	FY2018	<i>FY2019</i>
<b>Net income</b>	31,871	45,070	295
<b>Other comprehensive income</b>			
Valuation difference on available-for-sale securities	608	(3,782)	6
Deferred gains or losses on hedges	49	(369)	0
Foreign currency translation adjustments	(4,574)	(1,359)	(42)
Remeasurements of defined benefit plans	(1,531)	(1,106)	(14)
Share of other comprehensive income of associates accounted for using equity method	402	201	4
<b>Total other comprehensive Income</b>	(5,046)	(6,416)	(47)
<b>Comprehensive income</b>	26,825	38,653	248
Comprehensive income attributable to owners of parent	24,254	34,082	225
Comprehensive income attributable to non-controlling interests	2,570	4,570	24

**Consolidated Statements of Shareholders' Equity (FY2019)**

	Millions of yen				
	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
<b>BALANCE AT APRIL 1, 2019</b>	47,586	46,067	223,940	(7,316)	310,276
Changes during the period					
Dividends from surplus			(11,427)		(11,427)
Net income attributable to owners of parent			28,793		28,793
Purchase of treasury stock				(11)	(11)
Disposal of treasury stock		1		0	1
Change of scope of consolidation					-
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(118)			(118)
Net changes of items other than shareholders' equity					
Total changes during the period	-	(117)	17,365	(10)	17,237
<b>BALANCE AT MARCH 31, 2020</b>	47,586	45,949	241,305	(7,327)	327,513

	Millions of yen						
	Accumulated other comprehensive income					Non-controlling interests	Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements Of Defined Benefit Plans	Total Accumulated other comprehensive income		
<b>BALANCE AT APRIL 1, 2019</b>	43,974	(280)	368	(1,417)	42,645	39,139	392,061
Changes during the period							
Dividends from surplus					-		(11,427)
Net income attributable to owners of parent					-		28,793
Purchase of treasury stock					-		(11)
Disposal of treasury stock					-		1
Change of scope of consolidation					-		-
Change in treasury shares of parent arising from transactions with non-controlling shareholders					-		(118)
Net changes of items other than shareholders' equity	632	49	(3,913)	(1,306)	(4,539)	1,243	(3,296)
Total changes during the period	632	49	(3,913)	(1,306)	(4,539)	1,243	13,940
<b>BALANCE AT MARCH 31, 2020</b>	44,606	(231)	(3,545)	(2,724)	38,105	40,382	406,002

**Consolidated Statements of Shareholders' Equity (FY2018)**

	Millions of yen				
	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
<b>BALANCE AT APRIL 1, 2018</b>	47,586	45,986	195,517	(7,284)	281,805
Changes during the period					
Dividends from surplus			(11,428)		(11,428)
Net income attributable to owners of parent			40,267		40,267
Purchase of treasury stock				(32)	(32)
Disposal of treasury stock		1		0	2
Change of scope of consolidation			(417)		(417)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		79			79
Net changes of items other than shareholders' equity					
Total changes during the period	-	80	28,422	(31)	28,470
<b>BALANCE AT MARCH 31, 2019</b>	47,586	46,067	223,940	(7,316)	310,276

	Millions of yen						
	Accumulated other comprehensive income					Non-controlling interests	Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements Of Defined Benefit Plans	Total Accumulated other comprehensive income		
<b>BALANCE AT APRIL 1, 2018</b>	47,665	88	1,572	(496)	48,830	35,910	366,546
Changes during the period							
Dividends from surplus					-		(11,428)
Net income attributable to owners of parent					-		40,267
Purchase of treasury stock					-		(32)
Disposal of treasury stock					-		2
Change of scope of consolidation					-		(417)
Change in treasury shares of parent arising from transactions with non-controlling shareholders					-		79
Net changes of items other than shareholders' equity	(3,690)	(369)	(1,204)	(921)	(6,185)	3,228	(2,956)
Total changes during the period	(3,690)	(369)	(1,204)	(921)	(6,185)	3,228	25,514
<b>BALANCE AT MARCH 31, 2019</b>	43,974	(280)	368	(1,417)	42,645	39,139	392,061

**Consolidated Statements of Cash Flows**

	Millions of yen		Millions of U.S. dollars
	FY2019	FY2018	FY2019
<b>I Cash flows from operating activities</b>			
Income before income taxes	43,860	62,287	406
Depreciation and amortization	32,319	30,906	299
Increase (decrease) in allowance for doubtful accounts	352	802	3
Interest and dividends income	(2,830)	(3,122)	(26)
Interest expenses	1,405	1,377	13
Foreign exchange losses (gains)	149	(544)	1
Loss (gain) on sales of noncurrent assets	(245)	(96)	(2)
Loss (gain) on sales of investment securities	(2,525)	(1,055)	(23)
Loss (gain) on disposal of noncurrent assets	1,517	1,121	14
Loss (gain) on devaluation of investment securities	1,481	279	14
Impairment loss	-	2,242	-
Foreign currency translation adjustments reversal gains	-	(1,299)	-
Decrease (increase) in notes and accounts receivable-trade	12,127	(21,949)	112
Decrease (increase) in inventories	(11,873)	(26,937)	(110)
Increase (decrease) in notes and accounts payable-trade	(15,159)	12,410	(140)
Increase (decrease) in advances received	1,557	(3,129)	14
Other, net	(900)	12,186	(8)
Subtotal	61,235	65,479	567
Interest and dividends income received	2,830	3,142	26
Interest expenses paid	(1,396)	(1,412)	(13)
Income taxes paid	(16,582)	(12,260)	(154)
Net cash provided by (used in) operating activities	46,087	54,949	427
<b>II Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(22,699)	(15,932)	(210)
Proceeds from sales of property, plant and equipment	741	354	7
Purchase of investment securities	(638)	(639)	(6)
Proceeds from sales of investment securities	8,956	1,600	83
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(9,422)	-	(87)
Payments of loans receivable	(7,825)	(7,381)	(72)
Collection of loans receivable	7,768	7,339	72
Other, net	(4,500)	(6,788)	(42)
Net cash provided by (used in) investing activities	(27,621)	(21,448)	(256)
<b>III Cash flows from financing activities</b>			
Net increase (decrease) in short-term loans payable	(2,296)	(10,680)	(21)
Increase (decrease) in commercial papers	43,500	8,000	403
Proceeds from long-term loans payable	30,126	3,044	279
Repayment of long-term loans payable	(26,663)	(2,068)	(247)
Proceeds from issuance of bonds	-	10,000	-
Redemption of bonds	-	(20,000)	-
Repayments of lease obligations	(14,625)	(13,106)	(135)
Proceeds from sales of treasury stock	1	2	0
Purchase of treasury stock	(11)	(32)	(0)
Cash dividends paid	(11,427)	(11,428)	(106)
Cash dividends paid to non-controlling interests	(1,442)	(1,340)	(13)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(242)	(512)	(2)
Other, net	-	(52)	-
Net cash provided by (used in) financing activities	16,917	(38,174)	157
<b>IV Effect of exchange rate change on cash and cash equivalents</b>	(772)	338	(7)
<b>V Net increase (decrease) in cash and cash equivalents ( I + II + III + IV)</b>	34,611	(4,333)	320
<b>VI Cash and cash equivalents at beginning of period</b>	29,134	33,329	270
<b>VII Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation</b>	-	138	-
<b>VIII Cash and cash equivalents at end of period</b>	63,746	29,134	590

**Consolidated Segment Information**

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

As of April 1, 2019, reflecting change of organization structure, the reporting segments were reclassified from "Power Electronics Systems - Energy Solutions" and "Power Electronics Systems - Industry Solutions", to "Power Electronics Systems Energy" and "Power Electronics Systems Industry".

Additionally, the name of reporting segment was changed from "Power and New Energy" to "Power Generation".

This name change of reporting segment do not effect the contents of information.

The reporting segment information for the fiscal year ended March 31, 2019 has been reclassified to reflect these changes.

**FY2019**

Millions of yen

	Power Electronics Systems Energy	Power Electronics Systems Industry	Electronic Devices	Food and Beverage Distribution	Power Generation	Others	Total	Adjustments	Consolidated
<b>Net Sales</b>									
Sales to third parties	214,851	307,013	134,384	104,052	109,278	31,024	900,604	-	900,604
Inter-segment sales and transfers	3,162	10,469	3,037	361	612	29,819	47,462	(47,462)	-
<b>Total sales</b>	<b>218,013</b>	<b>317,482</b>	<b>137,421</b>	<b>104,413</b>	<b>109,891</b>	<b>60,843</b>	<b>948,066</b>	<b>(47,462)</b>	<b>900,604</b>
Segment profits (losses)	12,322	16,547	9,718	3,842	2,298	2,694	47,424	(4,909)	42,515

**FY2018**

Millions of yen

	Power Electronics Systems Energy	Power Electronics Systems Industry	Electronic Devices	Food and Beverage Distribution	Power Generation	Others	Total	Adjustments	Consolidated
<b>Net Sales</b>									
Sales to third parties	219,758	309,572	133,828	113,345	106,921	31,488	914,915	-	914,915
Inter-segment sales and transfers	4,377	12,910	3,506	260	90	30,740	51,885	(51,885)	-
<b>Total sales</b>	<b>224,136</b>	<b>322,482</b>	<b>137,334</b>	<b>113,606</b>	<b>107,012</b>	<b>62,228</b>	<b>966,801</b>	<b>(51,885)</b>	<b>914,915</b>
Segment profits (losses)	16,829	19,417	15,623	5,756	4,750	2,765	65,143	(5,170)	59,972

**FY2019**

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
<b>Net Sales</b>									
Sales to third parties	1,989	2,843	1,244	963	1,012	287	8,339	-	8,339
Inter-segment sales and transfers	29	97	28	3	6	276	439	(439)	-
<b>Total sales</b>	<b>2,019</b>	<b>2,940</b>	<b>1,272</b>	<b>967</b>	<b>1,018</b>	<b>563</b>	<b>8,778</b>	<b>(439)</b>	<b>8,339</b>
Segment profits (losses)	114	153	90	36	21	25	439	(45)	394

**Supplemental Consolidated Financial Materials****1. Financial summary**

	Billions of yen	
	<b>FY2019</b>	FY2018
Net sales	900.6	914.9
Operating income	42.5	60.0
Ordinary income	44.5	63.5
Net income attributable to owners of parent	28.8	40.3

**2. Number of consolidated subsidiaries**

	<b>FY2019</b>	FY2018
Number of consolidated subsidiaries	73	72
Japan	23	23
Overseas	50	49
Number of equity-method associates	4	4

**3. Net income per share**

	Yen	
	<b>FY2019</b>	FY2018
Net income per share(*)	201.57	281.89

(\*) Fuji Electric conducted a 1-for-5 common stock consolidation effective October 1, 2018.  
Net income per share is calculated assuming that the share consolidation was executed at the beginning of the previous consolidated fiscal year.

**4. Average exchange rates (Yen)**

	Yen	
	<b>FY2019</b>	FY2018
US\$	108.74	110.91
EURO	120.82	128.41
RMB	15.60	16.54

**5. Net sales by reporting segment**

	Billions of yen	
	<b>FY2019</b>	FY2018
Power Electronics Systems Energy	218.0	224.1
Power Electronics Systems Industry	317.5	322.5
Electronic Devices	137.4	137.3
Food and Beverage Distribution	104.4	113.6
Power Generation	109.9	107.0
Others	60.8	62.2
Subtotal	948.1	966.8
Elimination	(47.5)	(51.9)
<b>Total</b>	<b>900.6</b>	<b>914.9</b>

**6. Operating income by reporting segment**

	Billions of yen	
	<b>FY2019</b>	FY2018
Power Electronics Systems Energy	12.3	16.8
Power Electronics Systems Industry	16.5	19.4
Electronic Devices	9.7	15.6
Food and Beverage Distribution	3.8	5.8
Power Generation	2.3	4.8
Others	2.7	2.8
Subtotal	47.4	65.1
Elimination	(4.9)	(5.2)
<b>Total</b>	<b>42.5</b>	<b>60.0</b>

**7. Net overseas sales**

	Billions of yen	
	FY2019	FY2018
Asia (except for China)	124.6	121.7
China	62.6	78.4
Europe	19.0	16.5
America	14.7	15.8
<b>Total</b>	<b>220.9</b>	<b>232.4</b>

**8. R&D expenditures**

	Billions of yen	
	FY2019	FY2018
Power Electronics Systems Energy	7.1	5.6
Power Electronics Systems Industry	8.7	9.3
Electronic Devices	10.9	11.1
Food and Beverage Distribution	4.4	4.4
Power Generation	3.3	3.3
Others	0.1	0.1
<b>Total</b>	<b>34.5</b>	<b>33.7</b>
Ratio to net sales (%)	3.8%	3.7%

**9. Plant and equipment investment (including leases)**

	Billions of yen	
	FY2019	FY2018
Power Electronics Systems Energy	8.5	6.5
Power Electronics Systems Industry	4.3	4.3
Electronic Devices	31.3	28.1
Food and Beverage Distribution	2.3	2.3
Power Generation	1.0	1.1
Others	0.8	1.0
<b>Total</b>	<b>48.2</b>	<b>43.3</b>
(Leases)	29.1	20.6

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

**10. Depreciation, Leases paid**

	Billions of yen	
	FY2019	FY2018
Power Electronics Systems Energy	5.1	5.0
Power Electronics Systems Industry	4.2	4.3
Electronic Devices	15.4	13.5
Food and Beverage Distribution	2.2	2.3
Power Generation	1.2	1.2
Others	1.1	1.1
<b>Total</b>	<b>29.1</b>	<b>27.5</b>
(Leases)	1.0	1.0

**11. Number of employees**

	FY2019	FY2018
Power Electronics Systems Energy	6,676	6,574
Power Electronics Systems Industry	9,129	8,329
Electronic Devices	6,621	6,782
Food and Beverage Distribution	2,346	2,522
Power Generation	1,224	1,295
Others	1,964	1,914
<b>Total</b>	<b>27,960</b>	<b>27,416</b>
Japan	17,681	17,647
Overseas	10,279	9,769

## Financial Performance

### (1) Qualitative Information regarding Consolidated Results of Operations

#### 1. Results of Operations in the Fiscal Year Ended March 31, 2020

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.

Overseas, the operating environment for the fiscal year ended March 31, 2020, saw the ongoing curtailment of investments centered on China as a result of the prolongation of the trade friction between the United States and China that continued on from the previously fiscal year, and the slowdown in the overseas market resulted in bearish exports of machine tools from Japan. Against this backdrop, the global COVID-19 pandemic that struck during the fourth quarter of the fiscal year greatly restricted economic activities, due to factors such as the factory closures and movement limitations seen in countries around the world, and thus resulted in a challenging operating environment characterized by a growing sense of opaqueness.

As part of its efforts to prevent the global COVID-19 pandemic, the Company requested that employees working at the head office, divisions, branches, and other business sites in Japan engage in teleworking whenever possible. Employees that cannot telework, such as those working in production sites, were asked to take steps to prevent the spread of the virus through measures like staggered work hours and efforts to avoid confined spaces, crowds, and close interactions. Overseas, operations at certain factories were halted based on the instructions of local governments.

Consolidated net sales in the fiscal year ended March 31, 2020, decreased ¥14.3 billion year on year, to ¥900.6 billion. The Company did benefit from strong upgrade demand for replacing aged equipment in Japan. However, these benefits were outweighed by the absence of large-scale orders recorded in the previous fiscal year and the impacts of the trade friction between the United States and China as well as delivery delays and capital investment curtailments stemming from the restrictions placed on business activities for the purpose of combating the global COVID-19 pandemic.

As a result of the lower sales and production volumes, the impacts of foreign exchange influences, and upfront investments in the power semiconductor business, which offset the benefits of cost reduction efforts, consolidated operating income decreased ¥17.5 billion year on year, to ¥42.5 billion; ordinary income was down ¥19.0 billion, to ¥44.5 billion; and net income attributable to owners of parent declined ¥11.5 billion, to ¥28.8 billion.

Consolidated results of operations for the fiscal year ended March 31, 2020, were as follows.  
(¥ billion)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Change
Net sales	914.9	900.6	(14.3)
Operating income	60.0	42.5	(17.5)
Ordinary income	63.5	44.5	(19.0)
Net income attributable to owners of parent	40.3	28.8	(11.5)

## 2. Results by Segment

### **Power Electronics Systems Energy**

**Net sales: ¥218.0 billion (down 3% year on year)**

**Operating income: ¥12.3 billion (down ¥4.5 billion year on year)**

In the Power Electronics Systems Energy segment, net sales and operating income were down year on year as lower demand in the ED&C components business counteracted the strong demand in the power supply and facility systems business.

- In the energy management business, net sales and operating results worsened year on year, due to lower demand for smart meters and the rebound from large-scale projects undertaken overseas during the previous fiscal year, the impacts of which offset the benefits of strong demand for power supply equipment for industrial and railcar applications.
- In the power supply and facility systems business, net sales and operating results improved year on year, despite the absence of large-scale orders recorded in the previous fiscal year in Japan, as a result of a rise in large-scale overseas orders in switchgear and controlgear operations.
- In the ED&C components business, net sales decreased year on year due to reduced demand from machine manufacturers, including those of machine tools, and operating results worsened year on year following lower demand and higher expenses incurred as a result of product defects.

### **Power Electronics Systems Industry**

**Net sales: ¥317.5 billion (down 2% year on year)**

**Operating income: ¥16.5 billion (down ¥2.9 billion year on year)**

In the Power Electronics Systems Industry segment, net sales and operating income decreased year on year. Factors behind this outcome included lower demand in the automation systems business, a result of the trade friction between the United States and China and the impacts of the global COVID-19 pandemic, and the absence of large-scale orders recorded in the previous fiscal year in the equipment construction business. These factors outweighed the benefits of firm demand in the IT solutions business.

- In the automation systems business, net sales and operating results worsened year on year. Factors behind this outcome included the reduced demand for low-voltage inverters and factory automation components centered on the domestic and Chinese markets that stemmed from the trade friction between the United States and China as well as the ceased operations at bases in China and lower demand seen by bases in Asia, Europe, and the United States that was a result of the global COVID-19 pandemic.
- In the social solutions business, net sales were down year on year due to the absence of large-scale orders for electrical equipment for railcars recorded in the previous fiscal year, but operating results improved year on year as a result of the benefits of cost reductions.
- In the equipment construction business, net sales decreased year on year due to the absence of large-scale orders recorded in the previous fiscal year. However, operating results improved year on year because of the benefits of cost reduction efforts.
- In the IT solutions business, net sales and operating results improved year on year because of a rise in large-scale orders in the private sector and the academic sector.

### **Electronic Devices**

**Net sales: ¥137.4 billion (relatively unchanged year on year)**

**Operating income: ¥9.7 billion (down ¥5.9 billion year on year)**

- In the electronic devices business, net sales were relatively unchanged year on year as the benefits of higher demand for automotive power semiconductors for electrified vehicles (xEVs) were outweighed by the impacts of negative foreign exchange influences and lower demand in the industrial field centered on the Chinese market attributable to the trade friction between the United States and China and the global COVID-19 pandemic. Operating income was down year on year as a result higher expenses associated with upfront investments for bolstering capacity for producing power semiconductors for use in xEVs as well as negative foreign exchange influences and increased product repair costs.

### **Food and Beverage Distribution**

**Net sales: ¥104.4 billion (down 8% year on year)**

**Operating income: ¥3.8 billion (down ¥1.9 billion year on year)**

- In the vending machine business, net sales and operating results worsened year on year due to reduced demand in the Japanese and Chinese markets and delays in customers' vending machine installation plans in Japan and China as a result of the global COVID-19 pandemic.
- In the store distribution business, net sales were down year on year following lower demand for store equipment for convenience stores as a result of the global COVID-19 pandemic, but operating results improved year on year thanks to the benefits of cost reduction activities.

### **Power Generation**

**Net sales: ¥109.9 billion (up 3% year on year)**

**Operating income: ¥2.3 billion (down ¥2.5 billion year on year)**

- In the power generation business, net sales were up year on year, due to an increase in large-scale thermal power generation system projects, which offset the decline in large-scale solar power generation system projects. Conversely, operating results worsened year on year because of disparities in profitability between projects and increased expenses associated with a large-scale overseas project.

### **Others**

**Net sales: ¥60.8 billion (down 2% year on year)**

**Operating income: ¥2.7 billion (down ¥0.1 billion year on year)**

Note: Effective April 1, 2019, the Power Electronics Systems—Energy Solutions and Power Electronics Systems—Industry Solutions reporting segments were changed to form the Power Electronics Systems Energy and Power Electronics Systems Industry segments. In addition, the Power and New Energy segment was renamed the Power Generation segment. Year-on-year comparisons have been calculated using figures for the fiscal year ended March 31, 2020, that have been restated to reflect these changes.

### **3. Measures for Preventing Reoccurrence of Fictitious Transactions**

The Company has included clear stipulations in Group regulations prohibiting participation in transactions for which actual existence cannot be confirmed in order to prevent reoccurrence of fictitious transactions such as those described in the news release entitled “Statement Regarding Allegations of Fictitious Transactions Against Subsidiary” that was issued on January 30, 2020. In addition, the risk management frameworks pertaining to the order receipt and receiving inspection processes of the involved a subsidiary have been revised (confirmation and verification of sales channels, Company roles, existence of transaction, etc.), education programs aimed at entrenching risk awareness in sales divisions have been conducted, and other measures have been implemented to prevent reoccurrence.

### **4. Forecasts for the Fiscal Year Ending March 31, 2021**

The Company has chosen not to release forecasts for consolidated business results in the fiscal year ending March 31, 2021, as it is currently difficult to project future trends in capital investment and production by customers amid the limited economic activity in Japan and other countries stemming from the global COVID-19 pandemic. Forecasts will be disclosed promptly when the Company is able to estimate the impacts of this situation on economic activities with a sufficient degree of accuracy.

The Company has secured sufficient on-hand liquidity to safeguard against the impacts of further economic decline. As of March 31, 2020, consolidated cash and cash equivalents amounted to ¥63.7 billion, and an additional ¥116.5 billion in funds was procured prior to May 2020.

## (2) Quantitative Information regarding Consolidated Financial Position

(¥ billion)

	March 31, 2019	Breakdown (%)	March 31, 2020	Breakdown (%)	Change
Total assets	952.7	100.0	996.8	100.0	+44.2
Interest-bearing debt	154.0	16.2	217.4	21.8	+63.4
Shareholder's equity* <sup>1</sup>	352.9	37.0	365.6	36.7	+12.7
Debt-to-equity ratio* <sup>2</sup> (times)	0.4		0.6		+0.2

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

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

Total assets on March 31, 2020, stood at ¥996.8 billion, an increase of ¥44.2 billion from the end of the previous fiscal year. Total current assets increased ¥22.6 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 ¥21.6 billion due to higher property, plant and equipment.

Interest-bearing debt as of March 31, 2020, amounted to ¥217.4 billion, up ¥63.4 billion from the previous fiscal year-end following a rise in commercial paper. Further, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—increased ¥28.8 billion from the previous fiscal year-end, amounting to ¥153.6 billion on March 31, 2020.

Net assets on March 31, 2020, was ¥406.0 billion, up ¥13.9 billion from the previous fiscal year-end. This outcome was because of an increase in retained earnings. In addition, shareholders' equity—total net assets net of non-controlling interests—was up ¥12.7 billion from the previous fiscal year-end, standing at ¥365.6 billion on March 31, 2020. The debt-to-equity ratio (interest-bearing debt ÷ shareholders' equity) was 0.6 times, up 0.2 times from the previous fiscal year. Also, the net debt-to-equity ratio (net interest-bearing debt ÷ shareholders' equity) was 0.4 times, relatively unchanged from the previous fiscal year-end.

(¥ billion)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Change
Net cash provided by (used in) operating activities	54.9	46.1	(8.9)
Net cash provided by (used in) investing activities	(21.4)	(27.6)	(6.2)
Free cash flow	33.5	18.5	(15.0)
Net cash provided by (used in) financing activities	(38.2)	16.9	55.1
Cash and cash equivalents at the end of period	29.1	63.7	34.6

In the fiscal year ended March 31, 2020, consolidated free cash flow (net cash from operating activities + net cash from investing activities) was a positive ¥18.5 billion, a decrease of ¥15.0 billion compared with positive free cash flow of ¥33.5 billion in the previous fiscal year.

## Cash flows from operating activities

Net cash provided by operating activities was ¥46.1 billion, compared with ¥54.9 billion in the previous fiscal year. Major factors increasing cash included income before income taxes and 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 decrease of ¥8.9 billion year on year.

Cash flows from investing activities

Net cash used in investing activities was ¥27.6 billion, compared with ¥21.4 billion in the previous fiscal year. This was primarily related to the purchase of property, plant and equipment.

This was an increase of ¥6.2 billion year on year.

Cash flows from financing activities

Net cash used in financing activities was ¥16.9 billion, compared with ¥38.2 billion in the previous fiscal year. This was principally due to an increase in commercial paper.

As a result, consolidated cash and cash equivalents on March 31, 2020, amounted to ¥63.7 billion, down ¥34.6 billion from the previous fiscal year-end.

### **(3) Basic Policy Regarding Distribution of Earnings and Dividends for the Fiscal Year Ended March 31, 2020, and the Fiscal Year Ending March 31, 2021**

We intend to return profit gained through business activities to shareholders. At the same time—while strengthening our management foundation—we intend to appropriate profit for consolidated shareholders' equity in order to secure internal reserves for research and development, capital investment, development of human resources, and other uses reflecting a medium- to long-term viewpoint.

We will determine the amount of dividends to be paid from retained earnings in light of the above medium-to-long term business cycle; our policy of paying stable and continuous dividends; and a comprehensive evaluation of the business results from the relevant fiscal year, research and development and capital investment plans for future growth, and the operating environment.

We regard the acquisition of treasury stock as a flexible mechanism to supplement dividends from retained earnings when warranted by the cash flow position.

Based on a rigorous evaluation of performance during the fiscal year ended March 31, 2020, forecasted performance for the fiscal year ending March 31, 2021, and our financial position, we plan to pay a year-end dividend of ¥40 per share for the fiscal year ended March 31, 2020, which will make for an annual dividend of ¥80 per share when including the interim dividend.

We have not yet decided the dividend to be paid for the fiscal year ending March 31, 2021.