

Financial Results for the Year Ended January 31, 2022

Company: **FUJI ELECTRIC INDUSTRY CO., LTD.**
 Code Number: 6654
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Date of the board meeting for this period: March 10, 2022

Date of the general meeting of shareholders: April 26, 2022

1. Results of fiscal year 2022 (February 1, 2021 through January 31, 2022)

(1) Operating Results

(Unit: Millions of Yen)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2022	3,721	1.7	229	(20.2)	274	(10.6)
FY 2021	3,659	(7.2)	287	(23.8)	306	(23.3)

	Net income		Net income per share		Return on equity	Ratio of Ordinary income to Total assets	Ratio of Operating income to Net sales
			-basic	-diluted			
	Millions of yen	%	Yen	Yen	%	%	%
FY 2022	191	(6.9)	33.34	33.26	1.9	2.5	6.2
FY 2021	205	(26.8)	35.16	35.02	2.0	2.8	7.9

Note 1: Percentages for net sales, operating income etc. show increase (decrease) from the previous year.

Note 2: Equity in earnings of affiliates: No

(2) Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2022	11,004	10,286	93.4	1,789.50
FY 2021	10,901	10,228	93.6	1,783.74

Note: Equity capital

FY 2022 10,277 million yen
 FY 2021 10,204 million yen

(3) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY 2022	375	(251)	(182)	1,152
FY 2021	658	265	(461)	1,208

2.Dividends

	Dividends per share			Total dividends	Payout ratio	Dividends to shareholders' equity ratio
	Interim	Year-end	Annual			
	Yen	Yen	Yen	Millions of yen	%	%
FY 2021	16.00	16.00	32.00	186	91.0	1.8
FY 2022	16.00	16.00	32.00	183	96.0	1.8
FY 2023 (forecast)	16.00	16.00	32.00	—	103.8	—

3.Forecast of operating results for Fiscal Year 2023(February 1, 2022 through January 31, 2023)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim	1,930	5.3	105	24.5	118	2.3
FY 2023	3,900	4.8	232	1.5	254	(7.2)

	Net income		Net income per share
	Millions of yen	%	Yen
Interim	82	1.2	14.31
FY 2023	176	(7.5)	30.83

Note 1: Percentages for net sales, operating income etc. for the FY 2023 show increase (decrease) from the previous year.

2: Revision of operating results forecast for this period : No

4.Others

(1) Application of special accounting policy for quarterly financial reporting : No

(2) Changes in the accounting policy : No

(3) Changes except (2) : No

(4) About number of shares

Number of shares issued	:	FY 2022	6,669,000	FY 2021	6,669,000
Treasury stock at end of each period	:	FY 2022	925,730	FY 2021	947,930
Average number of shares	:	FY 2022	5,736,594	FY 2021	5,842,066

※ Note with respect to “Forecast of operating results for Fiscal Year 2023”

Forecasts announced by the company referred to above be prepared based on management's assumptions with information available at this time and therefore involve known and unknown risks and uncertainties.

Please note such risks and uncertainties may cause the actual results to be materially different from the forecasts (earnings forecast, dividend forecast, and other forecasts).

Business performance and Financial circumstances

1. Analysis of operating results

(1) General situation

During the fiscal year ending January 31, 2022, Japan's economy was in a difficult situation mainly in consumer spending because of the spread of COVID-19. However, capital investment and production activities were showing signs of recovery.

With regard to business prospects going forward, we expect that consumer spending and corporate profits will recover gradually, whereas there are concerns about supply chain delays by soaring raw material prices and tight demand.

Under these circumstances, we focused our sales activity on the domestic market of electric power, general industries, electric railway and overseas market of Asia and Middle East. As a result of this performance, although the sales of Switches for railway vehicles were sluggish, Terminal block and Test terminal block, our main products, were selling well.

The cumulative sales amount of this fiscal year was 3,721 million yen (increased by 1.7% compared with the previous year).

Regarding the cumulative profit, the net sales exceeded last year's level, however, labor and manufacturing costs increased, the operating income was 229 million yen (decreased by 20.2% compared with the previous year), the ordinary income was 274 million yen (decreased by 10.6% compared with the previous year), and the net income was 191 million yen (decreased by 6.9% compared with the previous year).

(2) Operating results by segment

Control switches

Because the sales of Switches for railway vehicles and Cam switch decreased, the sales amount was 974 million yen (decreased by 10.0% compared with the previous year).

Connecting devices

The sales of Terminal block were in good shape. In addition, the sales of Test terminal block and Connector terminal block also increased. The sales amount was 1,516 million yen (increased by 7.3% compared with the previous year).

Pilot lamps and Indicators

Although the sales of Indicator for railway vehicles decreased, the sales of LED Indicator and Multi-window Indicator increased. The sales amount was 477 million yen (increased by 1.0% compared with the previous year).

Electronic devices

Because the sales of Telephone relay and I/O terminal increased, the sales amount was 551 million yen (increased by 2.6% compared with the previous year).

Third party sales

By the sales of Equipments for photovoltaic generation, the sales amount was 184 million yen (increased by 27.9% compared with the previous year).

Others

The sales amount except for Electric control devices was 17 million yen.

2. Forecast for the fiscal year ending January 31, 2023

The economic outlook for the next financial year, we expect that consumer spending and corporate profits will recover, but it still remains uncertain.

Electric power and heavy electrical machinery market, our main business environment, are changing drastically because of the intensified cost competition by the liberalization of electricity retail sales, digitalization of system, and construction of power grid premised on the use of renewable energy and decentralized power generation.

We will strive to develop products that meet needs of the times and customers then gain of third party sales, and sale of machinery and equipment, in addition to expanding sales of existing products for electric power and heavy electrical machinery.

Moreover, we will strengthen our sales in overseas market with a focus on Asia and Middle East, and will promote development and sales of value-added products that are designed to match foreign style.

The prospects of our business performances of next financial year are as follows.

The net sales is 3,900 million yen (increased by 4.8% compared with the previous year), the operating income is 232 million yen (increased by 1.5% compared with the previous year), the ordinary income is 254 million yen (decreased by 7.2% compared with the previous year), and the net income is 176 million yen (decreased by 7.5% compared with the previous year).

Financial statements
1. Balance Sheets

Thousands of Yen

	As of January 31, 2021		As of January 31, 2022	
	Amount	%	Amount	%
(Assets)				
I Current assets				
1.Cash and deposits	4,508,185		4,552,192	
2.Notes and accounts receivable-trade	1,092,819		1,197,161	
3.Electronically recorded monetary claims	318,522		311,988	
4. Inventories	991,579		1,059,831	
5. Others	32,779		39,880	
Total current assets	6,943,886	63.7	7,161,055	65.1
II Noncurrent assets				
1.Property, plant and equipment	3,367,512		3,207,709	
2.Intangible assets	15,729		9,510	
3.Investments and other assets	574,193		625,915	
Total noncurrent assets	3,957,435	36.3	3,843,136	34.9
Total assets	10,901,321	100.0	11,004,191	100.0
(Liabilities)				
I Current liabilities				
1.Notes and accounts payable-trade	97,652		138,762	
2.Short-term loans payable	120,000		120,000	
3.Other current liabilities	361,276		344,401	
Total current liabilities	578,928	5.3	603,164	5.5
II Noncurrent liabilities				
1.Other noncurrent liabilities	93,420		114,285	
Total noncurrent liabilities	93,420	0.9	114,285	1.0
Total liabilities	672,349	6.2	717,449	6.5
(Net assets)				
I Shareholders' equity				
1.Capital stock	1,087,250		1,087,250	
2.Capital surplus	1,711,639		1,712,365	
3.Retained earnings	8,278,399		8,286,226	
4.Treasury stock	(1,052,610)		(1,027,968)	
Total shareholders' equity	10,024,678	91.9	10,057,873	91.4
II Valuation and translation adjustments				
Valuation difference on available-for-sale securities	180,240		219,680	
Total valuation and translation adjustments	180,240	1.7	219,680	2.0
III Share option	24,053	0.2	9,187	0.1
Total net assets	10,228,972	93.8	10,286,741	93.5
Total liabilities and net assets	10,901,321	100.0	11,004,191	100.0

2. Statements of Income

Thousands of Yen

	As of January 31, 2021		As of January 31, 2022	
	Amount	%	Amount	%
I Net sales	3,659,987	100.0	3,721,785	100.0
II Cost of sales	2,392,515	65.4	2,539,361	68.2
Gross profit	1,267,472	34.6	1,182,424	31.8
III Selling, general, and administrative expenses	979,756	26.7	952,918	25.6
Operating income	287,715	7.9	229,505	6.2
IV Non-operating income	29,464	0.8	45,646	1.2
V Non-operating expenses	10,571	0.3	1,018	0.0
Ordinary income	306,608	8.4	274,133	7.4
VI Extraordinary loss	0	0.0	77	0.0
Income before income taxes	306,608	8.4	274,055	7.4
Income taxes	101,224	2.8	82,811	2.3
Net income	205,383	5.6	191,243	5.1

3. Statements of Changes in Net Assets

(Unit: Thousands of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	1,087,250	1,711,639	8,278,399	(1,052,610)	10,024,678
Changes of items during period					
Dividends of surplus			(183,416)		(183,416)
Net income			191,243		191,243
Purchase of treasury shares					—
Disposal of treasury shares		725		24,642	25,367
Net changes of items other than shareholders' equity					
Total changes of items during period	—	725	7,827	24,642	33,195
Balance at end of current period	1,087,250	1,712,365	8,286,226	(1,027,968)	10,057,873

	Valuation and translation adjustments		Share option	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	180,240	180,240	24,053	10,228,972
Changes of items during period				
Dividends of surplus				(183,416)
Net income				191,243
Purchase of treasury shares				—
Disposal of treasury shares				25,367
Net changes of items other than shareholders' equity	39,439	39,439	(14,866)	24,573
Total changes of items during period	39,439	39,439	(14,866)	57,769
Balance at end of current period	219,680	219,680	9,187	10,286,741

4. Statements of Cash Flows

Thousands of Yen

	Year ended January 31, 2021	Year ended January 31, 2022
Description	Amount	Amount
I . Net cash provided by (used in) operating activities		
Income before income taxes	306,608	274,055
Depreciation and amortization	286,052	302,820
Increase (decrease) in provision for directors' bonuses	(4,190)	—
Increase (decrease) in provision for retirement benefits	13,232	19,001
Interest and dividends income	(13,312)	(13,164)
Interest expenses	1,097	1,017
Increase (decrease) in provision for product warranties	38,108	22,189
Loss (gain) on investments in partnership	8,393	(7,868)
Subsidy income	(10,336)	(16,456)
Loss on retirement of property, plant and equipment	0	77
Decrease (increase) in notes and accounts receivable-trade	146,172	(97,808)
Decrease (increase) in inventories	6,519	(68,251)
Increase (decrease) in notes and accounts payable-trade	(6,938)	41,109
Others	(10,654)	(21,661)
Subtotal	760,752	435,061
Interest and dividends received	13,431	13,296
Interest expenses paid	(1,059)	(1,056)
Proceeds from subsidy income	10,336	16,456
Income taxes paid	(124,756)	(87,867)
Net cash provided by (used in) operating activities	658,704	375,890
II .		
Payment for time deposits	(5,500,000)	(6,000,001)
Proceeds from time deposits	5,700,000	5,900,000
Proceeds from sales of short-term investment securities	200,000	—
Purchase of property, plant and equipment	(134,684)	(154,143)
Purchase of intangible assets	(190)	(1,189)
Others	—	4,000
Net cash provided by (used in) investing activities	265,124	(251,334)
III .		
Cash dividends paid	(189,697)	(182,946)
Purchase of treasury shares	(271,557)	—
Others	0	14
Net cash provided by (used in) financing activities	(461,253)	(182,932)
IV . Effect of exchange rate change on cash and cash equivalents	(630)	2,381
V . Net increase (decrease) in cash and cash equivalents	461,944	(55,994)
VI . Cash and cash equivalents-Beginning	746,241	1,208,185
VII . Cash and cash equivalents-Ending	1,208,185	1,152,190

5. Others

(1) Actual of orders

Thousands of Yen		
	Year ended January 31, 2021	Year ended January 31, 2022
Products category	Amount	Amount
Control switches	1,093,407	1,022,166
Connecting devices	1,402,551	1,730,798
Pilot lamps and Indicators	482,720	547,223
Electronic devices	522,684	792,876
Third party sales	268,021	54,293
Others	16,537	9,872
Total	3,785,923	4,157,230

(2) Backlog of orders

Thousands of Yen		
	Year ended January 31, 2021	Year ended January 31, 2022
Products category	Amount	Amount
Control switches	269,973	317,728
Connecting devices	151,182	365,194
Pilot lamps and Indicators	105,933	175,492
Electronic devices	119,044	360,248
Third party sales	147,387	17,551
Others	7,250	—
Total	800,771	1,236,216

(3) Sales

	Thousands of Yen	
	Year ended January 31, 2021	Year ended January 31, 2022
Products category	Amount	Amount
Control switches	1,082,761	974,411
Connecting devices	1,413,358	1,516,786
Pilot lamps and Indicators	472,752	477,664
Electronic devices	537,828	551,673
Third party sales	143,998	184,128
Others	9,287	17,122
Total	3,659,987	3,721,785

① Distribution channel

	Thousands of Yen	
	Year ended January 31, 2021	Year ended January 31, 2022
	Amount	Amount
Domestic sales	3,406,767	3,487,898
Overseas sales	253,219	233,887
Total	3,659,987	3,721,785

② Foreign market for trading company (overseas sales)

	Thousands of Yen	
	Year ended January 31, 2021	Year ended January 31, 2022
	Amount	Amount
Asia	214,012	193,527
Middle East	31,795	29,855
Others	7,410	10,504
Total	253,219	233,887