

Financial Results for the Year Ended January 31, 2023

Company: **FUJI ELECTRIC INDUSTRY CO., LTD.**

Code Number: 6654

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Director and Executive Officer
General Manager

Stock: Tokyo Stock Exchange

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Date of the board meeting for this period: March 9, 2023

Date of the general meeting of shareholders: April 27, 2023

1. Results of fiscal year 2023 (February 1, 2022 through January 31, 2023)

(1) Operating Results

(Unit: Millions of Yen)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2023	3,707	(0.4)	350	52.9	374	36.6
FY 2022	3,721	1.7	229	(20.2)	274	(10.6)

	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 2023	262	37.3	46.77	46.70	2.6	3.4	9.5
FY 2022	191	(6.9)	33.34	33.26	1.9	2.5	6.2

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 2023	10,869	10,167	93.5	1,831.24
FY 2022	11,004	10,286	93.4	1,789.50

Note: Equity capital

FY 2023

10,158 million yen

FY 2022

10,277 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 2023	396	29	(413)	1,166
FY 2022	375	(251)	(182)	1,152

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 2022	16.00	16.00	32.00	183	96.0	1.8
FY 2023	16.00	16.00	32.00	177	68.4	1.7
FY 2024 (forecast)	16.00	16.00	32.00	—	96.2	—

3.Forecast of operating results for Fiscal Year 2024(February 1, 2023 through January 31, 2024)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim	2,014	6.5	129	(32.1)	142	(31.2)
FY 2024	4,000	7.9	242	(30.8)	265	(29.1)

	Net income		Net income per share
	Millions of yen	%	Yen
Interim	99	(31.7)	17.92
FY 2024	184	(29.7)	33.28

Note 1: Percentages for net sales, operating income etc. for the FY 2024 show increase (decrease) from the previous year.

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

4.Others

(1) Changes in the accounting policy : Yes

(2) Changes except (1) : No

(3) About number of shares

Number of shares issued	:	FY 2023	6,669,000	FY 2022	6,669,000
Treasury stock at end of each period	:	FY 2023	1,121,430	FY 2022	925,730
Average number of shares	:	FY 2023	5,613,076	FY 2022	5,736,594

※ Note with respect to “Forecast of operating results for Fiscal Year 2024”

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, 2023, Japan's economy was showing signs of recovery in capital investment and production activities. However, it remains uncertain because of concerns about soaring raw material prices associated with geopolitical risk and about sluggish consumer spending due to rising domestic prices.

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 Auxiliary switch and Test terminal block increased, the sales of Equipments for photovoltaic generation and Products for railway vehicles decreased.

The cumulative sales amount of this fiscal year was 3,707 million yen (decreased by 0.4% compared with the previous year).

Regarding the cumulative profit, the inventory was built up with increase of orders received, manufacturing costs decreased, the operating income was 350 million yen (increased by 52.9% compared with the previous year), the ordinary income was 374 million yen (increased by 36.6% compared with the previous year), and the net income was 262 million yen (increased by 37.3% compared with the previous year).

(2) Operating results by segment

Control switches

Although the sales of Switches for railway vehicles decreased, the sales of Auxiliary switch increased.

The sales amount was 995 million yen (increased by 2.2% compared with the previous year).

Connecting devices

Connector terminal block and Test terminal block were selling well. The sales amount was 1,611 million yen (increased by 6.3% compared with the previous year).

Pilot lamps and Indicators

Although the sales of Indicators increased, the sales of Indicator for railway vehicles and Multi-window Indicator decreased.

The sales amount was 465 million yen (decreased by 2.5% compared with the previous year).

Electronic devices

The sales of Digital alarm and Indicator module were sluggish. However, the sales of I/O terminal and Annunciator relay increased.

The sales amount was 598 million yen (increased by 8.4% compared with the previous year).

Third party sales

Although the sales of parts increased, the sales of Equipments for photovoltaic generation decreased.

The sales amount was 36 million yen (decreased by 80.4% compared with the previous year).

Others

The sales amount except for Electric control devices was 0 million yen.

2. Forecast for the fiscal year ending January 31, 2024

The economic outlook for the next financial year, we expect that capital investment and production activities will recover, but it remains uncertain because of concerns about soaring raw material prices associated with geopolitical risk and about sluggish consumer spending due to rising domestic prices.

Electric power and heavy electrical machinery market, our main business environment, are changing drastically because it is expected to progress in construction of next-generation network and cross-regional interconnected grid to aim to achieve carbon neutral by 2050.

We will strengthen the revenue base through development of devices for digitalization, market launch of high-value-added products such as automatic equipment corresponding to population aging and working population declining.

Moreover, we will continue to increase our sales through exploring new markets by expanding our lineup in third party sales and promoting production equipment and mold manufacturing.

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

The net sales is 4,000 million yen (increased by 7.9% compared with the previous year).

Regarding the profit, we anticipate that soaring material and energy prices, increasing in depreciation for mold investment, the operating income is 242 million yen (decreased by 30.8% compared with the previous year), the ordinary income is 265 million yen (decreased by 29.1% compared with the previous year), and the net income is 184 million yen (decreased by 29.7% compared with the previous year).

Financial statements
1. Balance Sheets

Thousands of Yen

	As of January 31, 2022		As of January 31, 2023	
	Amount	%	Amount	%
(Assets)				
I Current assets				
1.Cash and deposits	4,552,192		4,466,974	
2.Notes and accounts receivable-trade	1,197,161		1,053,605	
3.Electronically recorded monetary claims	311,988		322,929	
4. Inventories	1,059,831		1,272,623	
5. Others	39,880		35,934	
Total current assets	7,161,055	65.1	7,152,067	65.8
II Noncurrent assets				
1.Property, plant and equipment	3,207,709		3,046,626	
2.Intangible assets	9,510		13,005	
3.Investments and other assets	625,915		658,281	
Total noncurrent assets	3,843,136	34.9	3,717,913	34.2
Total assets	11,004,191	100.0	10,869,981	100.0
(Liabilities)				
I Current liabilities				
1.Notes and accounts payable-trade	138,762		122,753	
2.Short-term loans payable	120,000		120,000	
3.Other current liabilities	344,401		335,670	
Total current liabilities	603,164	5.5	578,423	5.3
II Noncurrent liabilities				
1.Other noncurrent liabilities	114,285		123,963	
Total noncurrent liabilities	114,285	1.0	123,963	1.2
Total liabilities	717,449	6.5	702,387	6.5
(Net assets)				
I Shareholders' equity				
1.Capital stock	1,087,250		1,087,250	
2.Capital surplus	1,712,365		1,712,314	
3.Retained earnings	8,286,226		8,368,109	
4.Treasury stock	(1,027,968)		(1,255,990)	
Total shareholders' equity	10,057,873	91.4	9,911,683	91.2
II Valuation and translation adjustments				
Valuation difference on available-for-sale securities	219,680		247,253	
Total valuation and translation adjustments	219,680	2.0	247,253	2.2
III Share option	9,187	0.1	8,656	0.1
Total net assets	10,286,741	93.5	10,167,593	93.5
Total liabilities and net assets	11,004,191	100.0	10,869,981	100.0

2. Statements of Income

Thousands of Yen

	As of January 31, 2022		As of January 31, 2023	
	Amount	%	Amount	%
I Net sales	3,721,785	100.0	3,707,244	100.0
II Cost of sales	2,539,361	68.2	2,415,005	65.1
Gross profit	1,182,424	31.8	1,292,239	34.9
III Selling, general, and administrative expenses	952,918	25.6	941,291	25.4
Operating income	229,505	6.2	350,948	9.5
IV Non-operating income	45,646	1.2	30,257	0.8
V Non-operating expenses	1,018	0.0	6,708	0.2
Ordinary income	274,133	7.4	374,497	10.1
VI Extraordinary loss	77	0.0	0	0.0
Income before income taxes	274,055	7.4	374,497	10.1
Income taxes	82,811	2.3	111,968	3.0
Net income	191,243	5.1	262,528	7.1

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	1,712,365	8,286,226	(1,027,968)	10,057,873
Changes of items during period					
Dividends of surplus			(180,645)		(180,645)
Net income			262,528		262,528
Purchase of treasury shares				(232,800)	(232,800)
Disposal of treasury shares		(51)		4,778	4,726
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(51)	81,883	(228,022)	(146,190)
Balance at end of current period	1,087,250	1,712,314	8,368,109	(1,255,990)	9,911,683

	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	219,680	219,680	9,187	10,286,741
Changes of items during period				
Dividends of surplus				(180,645)
Net income				262,528
Purchase of treasury shares				(232,800)
Disposal of treasury shares				4,726
Net changes of items other than shareholders' equity	27,572	27,572	(531)	27,041
Total changes of items during period	27,572	27,572	(531)	(119,148)
Balance at end of current period	247,253	247,253	8,656	10,167,593

4. Statements of Cash Flows

Thousands of Yen

	Year ended January 31, 2022	Year ended January 31, 2023
Description	Amount	Amount
I . Net cash provided by (used in) operating activities		
Income before income taxes	274,055	374,497
Depreciation and amortization	302,820	225,813
Increase (decrease) in provision for retirement benefits	19,001	7,791
Interest and dividends income	(13,164)	(16,413)
Interest expenses	1,017	976
Increase (decrease) in provision for product warranties	22,189	(29,105)
Loss (gain) on investments in partnership	(7,868)	5,322
Subsidy income	(16,456)	(7,340)
Loss on retirement of property, plant and equipment	77	0
Decrease (increase) in notes and accounts receivable-trade	(97,808)	132,615
Decrease (increase) in inventories	(68,251)	(212,792)
Increase (decrease) in notes and accounts payable-trade	41,109	(16,008)
Others	(21,661)	(3,301)
Subtotal	435,061	462,053
Interest and dividends received	13,296	16,321
Interest expenses paid	(1,056)	(976)
Proceeds from subsidy income	16,456	7,340
Income taxes paid	(87,867)	(88,210)
Net cash provided by (used in) operating activities	375,890	396,529
II .		
Payment for time deposits	(6,000,001)	(5,600,003)
Proceeds from time deposits	5,900,000	5,700,001
Purchase of property, plant and equipment	(154,143)	(65,416)
Purchase of intangible assets	(1,189)	(7,610)
Others	4,000	2,500
Net cash provided by (used in) investing activities	(251,334)	29,470
III .		
Cash dividends paid	(182,946)	(180,850)
Purchase of treasury shares	—	(232,800)
Others	14	0
Net cash provided by (used in) financing activities	(182,932)	(413,650)
IV . Effect of exchange rate change on cash and cash equivalents	2,381	2,430
V . Net increase (decrease) in cash and cash equivalents	(55,994)	14,780
VI . Cash and cash equivalents-Beginning	1,208,185	1,152,190
VII . Cash and cash equivalents-Ending	1,152,190	1,166,971

5. Others

(1) Actual of orders

Thousands of Yen		
	Year ended January 31, 2022	Year ended January 31, 2023
Products category	Amount	Amount
Control switches	1,022,166	1,027,624
Connecting devices	1,730,798	1,615,132
Pilot lamps and Indicators	547,223	445,709
Electronic devices	792,876	811,893
Third party sales	54,293	64,402
Others	9,872	6,315
Total	4,157,230	3,971,078

(2) Backlog of orders

Thousands of Yen		
	Year ended January 31, 2022	Year ended January 31, 2023
Products category	Amount	Amount
Control switches	317,728	349,803
Connecting devices	365,194	368,720
Pilot lamps and Indicators	175,492	155,509
Electronic devices	360,248	573,888
Third party sales	17,551	45,828
Others	—	6,300
Total	1,236,216	1,500,050

(3) Sales

Thousands of Yen		
	Year ended January 31, 2022	Year ended January 31, 2023
Products category	Amount	Amount
Control switches	974,411	995,550
Connecting devices	1,516,786	1,611,606
Pilot lamps and Indicators	477,664	465,692
Electronic devices	551,673	598,252
Third party sales	184,128	36,126
Others	17,122	15
Total	3,721,785	3,707,244

① Distribution channel

Thousands of Yen		
	Year ended January 31, 2022	Year ended January 31, 2023
	Amount	Amount
Domestic sales	3,487,898	3,379,172
Overseas sales	233,887	328,072
Total	3,721,785	3,707,244

② Foreign market for trading company (overseas sales)

Thousands of Yen		
	Year ended January 31, 2022	Year ended January 31, 2023
	Amount	Amount
Asia	193,527	245,550
Middle East	29,855	40,622
Others	10,504	41,899
Total	233,887	328,072