

Financial Results for the Second Quarter of the Year 2022

(Six months ended on July 31, 2021)

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

Code Number: 6654

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Director and Executive Officer

Stock: Tokyo Stock Exchange

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Date of the board meeting for this period: September 2, 2021

1. Second quarter financial results for the six months ended on July 31 (February 1, 2021 through July 31, 2021)

(1) Operating Results

(Unit: Millions of Yen)

| | Net sales | | Operating income | | Ordinary income | |
|---------------|-----------------|-------|------------------|--------|-----------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| 2nd Q.FY 2022 | 1,833 | (1.1) | 84 | (54.0) | 115 | (39.7) |
| 2nd Q.FY 2021 | 1,852 | (2.7) | 183 | 33.0 | 191 | 24.2 |

| | Net income | | Net income per share –basic | Net income per share –diluted |
|---------------|-----------------|--------|--------------------------------|----------------------------------|
| | Millions of yen | % | Yen | Yen |
| 2nd Q.FY 2022 | 81 | (39.2) | 14.15 | 14.11 |
| 2nd Q.FY 2021 | 133 | 11.5 | 22.50 | 22.41 |

Note: Percentages for net sales, operating income etc. show increase (decrease) from previous year's second quarter.

(2) Financial Condition

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| 2nd Q.FY 2022 | 11,040 | 10,227 | 92.5 | 1,779.19 |
| FY 2021 | 10,901 | 10,228 | 93.6 | 1,783.74 |

Note: Equity capital

2nd Q.FY 2022 10,216 million yen
FY 2021 10,204 million yen

2. Dividends

| | Dividend per share | | | | |
|--------------------|--------------------|----------------|---------------|----------|--------|
| | First quarter | Second quarter | Third quarter | Year-end | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| FY 2021 | — | 16.00 | — | 16.00 | 32.00 |
| FY 2022 | — | 16.00 | | | |
| FY 2022 (forecast) | | | — | 16.00 | 32.00 |

Note : Revision of dividends forecast for this period : No

3. Forecast of operating results for Fiscal Year 2022 (February 1, 2021 through January 31, 2022)

| | Net sales | | Operating income | | Ordinary income | |
|---------|-----------------|-----|------------------|--------|-----------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY 2022 | 3,900 | 6.6 | 240 | (16.5) | 264 | (13.8) |

| | Net income | | Net income per share |
|---------|-----------------|--------|----------------------|
| | Millions of yen | % | Yen |
| FY 2022 | 183 | (10.7) | 32.06 |

Note 1: Percentages for net sales, operating income etc. for the FY 2022 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 | : | 2nd Q.FY 2022 | 6,669,000 | FY 2021 | 6,669,000 |
| Treasury stock at end of each period | : | 2nd Q.FY 2022 | 926,530 | FY 2021 | 947,930 |
| Average number of shares | : | 2nd Q.FY 2022 | 5,730,529 | 2nd Q.FY 2021 | 5,925,784 |

※ Note with respect to “Forecast of operating results for Fiscal Year 2022”

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).

Supplementary financial materials will be posted on our web site on September 3, 2021.

Qualitative information / Financial affairs

1. Description on business performance

(1) General situation

During the first six months of 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, we expect that consumer spending will recover gradually with the implementation of preventive measures of the spread of COVID-19 including vaccination, but it still remains uncertain.

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

The cumulative sales amount in the first six months of the fiscal year was 1,833 million yen (decreased by 1.1% compared with the previous year).

Regarding the cumulative profit, because labor and manufacturing costs increased, the operating income was 84 million yen (decreased by 54.0% compared with the previous year), the ordinary income was 115 million yen (decreased by 39.7% compared with the previous year), and the net income was 81 million yen (decreased by 39.2% compared with the previous year).

(2) Products sales

Control switches

Auxiliary switch was selling well. However, the sales of Switches for railway vehicles decreased.

The sales amount was 517 million yen (decreased by 8.0% compared with the previous year).

Connecting devices

The sales of Terminal block was in good shape. The sales of Test terminal block and Surge absorber terminal block increased. The sales amount was 732 million yen (increased by 5.8% compared with the previous year).

Pilot lamps and Indicators

Although the sales of Indicator for railway vehicles decreased, the sales of Indicators for domestic and overseas increased. The sales amount was 237 million yen (increased by 1.0% compared with the previous year).

Electronic devices

Telephone relay and Annunciator relay were selling well. However, the sales of Telltale module for slave stations of automatic electricity distribution control system and Interface unit decreased.

The sales amount was 280 million yen (decreased by 4.7% compared with the previous year).

Third party sales

Because of the decrease in sales of Connection box for photovoltaic generation, the sales amount was 56 million yen (decreased by 7.4% compared with the previous year).

Others

The sales amount except for Electric control devices was 9 million yen.

2. Description on business performance forecast

As for the prospects of our business performances of January 2022, there have been no changes in the revised forecast that announced on March 9, 2021.

3.Non-consolidated quarterly balance sheets

Thousands of Yen

| | As of January 31, 2021 | As of July 31, 2021 |
|---|---------------------------|------------------------|
| | Amount | Amount |
| (Assets) | | |
| I Current assets | | |
| 1.Cash and deposits | 4,508,185 | 4,644,706 |
| 2.Notes and accounts receivable-trade | 1,092,819 | 1,101,862 |
| 3.Electronically recorded monetary claims | 318,522 | 337,211 |
| 4. Finished goods | 183,125 | 220,663 |
| 5. Work in process | 367,768 | 350,357 |
| 6. Raw materials | 440,685 | 421,988 |
| 7. Others | 32,779 | 47,809 |
| Total current assets | 6,943,886 | 7,124,600 |
| II Noncurrent assets | | |
| (1) Property, plant and equipment | | |
| 1.Buildings, net | 1,709,030 | 1,655,947 |
| 2.Land | 1,347,627 | 1,347,627 |
| 3.Others, net | 310,854 | 313,856 |
| Total property, plant and equipment | 3,367,512 | 3,317,431 |
| (2) Intangible assets | 15,729 | 12,322 |
| (3) Investments and other assets | | |
| 1.Investment securities | 516,996 | 516,176 |
| 2.Others | 57,197 | 69,782 |
| Total investments and other assets | 574,193 | 585,959 |
| Total noncurrent assets | 3,957,435 | 3,915,713 |
| Total assets | 10,901,321 | 11,040,314 |

3.Non-consolidated quarterly balance sheets

Thousands of Yen

| | As of January 31, 2021 | As of July 31, 2021 |
|---|---------------------------|------------------------|
| | Amount | Amount |
| (Liabilities) | | |
| I Current liabilities | | |
| 1.Accounts payable-trade | 97,652 | 128,291 |
| 2.Short-term loans payable | 120,000 | 120,000 |
| 3.Income taxes payable | 51,213 | 61,245 |
| 4.Provision for bonuses | 58,082 | 57,105 |
| 5. Provision for product warranties | 91,829 | 128,118 |
| 6. Others | 160,149 | 202,379 |
| Total current liabilities | 578,928 | 697,140 |
| II Noncurrent liabilities | | |
| 1.Provision for retirement benefits | 81,730 | 103,166 |
| 2.Others | 11,689 | 12,898 |
| Total noncurrent liabilities | 93,420 | 116,065 |
| Total liabilities | 672,349 | 813,205 |
| (Net assets) | | |
| I Shareholders' equity | | |
| 1.Capital stock | 1,087,250 | 1,087,250 |
| 2.Capital surplus | 1,711,639 | 1,712,278 |
| 3.Retained earnings | 8,278,399 | 8,267,936 |
| 4.Treasury stock | (1,052,610) | (1,028,856) |
| Total shareholders' equity | 10,024,678 | 10,038,609 |
| II Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 180,240 | 178,337 |
| Total valuation and translation adjustments | 180,240 | 178,337 |
| III Share option | 24,053 | 10,162 |
| Total net assets | 10,228,972 | 10,227,108 |
| Total liabilities and net assets | 10,901,321 | 11,040,314 |

4.Non-consolidated quarterly statements of income

Thousands of Yen

| | Six months ended July 31, 2020 | Six months ended July 31, 2021 |
|--|-----------------------------------|-----------------------------------|
| | Amount | Amount |
| I Net sales | 1,852,846 | 1,833,376 |
| II Cost of sales | 1,163,537 | 1,263,141 |
| Gross profit | 689,308 | 570,234 |
| III Selling, general and administrative expenses | 505,674 | 485,792 |
| Operating income | 183,633 | 84,441 |
| IV Non-operating income | | |
| 1.Interest income | 736 | 347 |
| 2.Dividends income | 6,055 | 6,159 |
| 3.Subsidy income | 5,947 | 15,475 |
| 4.Gain on investments in investment partnerships | — | 5,917 |
| 5.Others | 3,273 | 3,613 |
| Total non-operating income | 16,012 | 31,513 |
| V Non-operating expenses | | |
| 1.Interest expenses | 546 | 525 |
| 2.Loss on investments in investment partnerships | 7,183 | — |
| 3.Others | 594 | 1 |
| Total non-operating expenses | 8,325 | 526 |
| Ordinary income | 191,320 | 115,428 |
| VI Extraordinary loss | | |
| Loss on retirement of noncurrent assets | 0 | 0 |
| Total extraordinary losses | 0 | 0 |
| Income before income taxes | 191,320 | 115,428 |
| Income taxes | 58,019 | 34,353 |
| Net income | 133,301 | 81,075 |

5.Non-consolidated quarterly statements of cash flows

Thousands of Yen

| | Six months ended July 31, 2020 | Six months ended July 31, 2021 |
|---|-----------------------------------|-----------------------------------|
| Description | Amount | Amount |
| I . Net cash provided by (used in) operating activities | | |
| Income before income taxes | 191,320 | 115,428 |
| Depreciation and amortization | 127,512 | 140,570 |
| Increase (decrease) in provision for directors' bonuses | (4,190) | — |
| Increase (decrease) in provision for retirement benefits | 18,111 | 21,435 |
| Interest and dividends income | (6,791) | (6,506) |
| Interest expenses | 546 | 525 |
| Increase(decrease) in provision for product warranties | (3,722) | 36,288 |
| Loss (gain) on investments in investment partnerships | 7,183 | (5,917) |
| Subsidy income | (5,947) | (15,475) |
| Loss on retirement of property, plant and equipment | 0 | 0 |
| Decrease (increase) in notes and accounts receivable-trade | 129,633 | (27,732) |
| Decrease (increase) in inventories | (10,664) | (1,429) |
| Increase (decrease) in notes and accounts payable-trade | (2,808) | 30,639 |
| Others | (16,266) | 34,400 |
| Subtotal | 423,917 | 322,226 |
| Interest and dividends received | 6,928 | 6,605 |
| Interest expenses paid | (565) | (539) |
| Proceeds from subsidy income | 5,947 | 15,475 |
| Income taxes paid | (50,519) | (24,616) |
| Net cash provided by (used in) operating activities | 385,707 | 319,151 |
| II . Net cash provided by (used in) investing activities | | |
| Payment for time deposits | (3,300,000) | (3,500,001) |
| Proceeds from time deposits | 3,400,000 | 3,300,000 |
| Proceeds from sales of short-term investment securities | 200,000 | — |
| Purchase of tangible assets | (63,254) | (93,470) |
| Purchase of intangible assets | — | (957) |
| Proceeds from distributions from investment partnerships | — | 4,000 |
| Net cash provided by (used in) investing activities | 236,745 | (290,428) |
| III . Net cash provided by (used in) financing activities | | |
| Cash dividends paid | (94,280) | (91,107) |
| Others | — | 13 |
| Net cash provided by (used in) financing activities | (94,280) | (91,093) |
| IV . Effect of exchange rate change on cash and cash equivalents | (593) | (1,109) |
| V . Net increase (decrease) in cash and cash equivalents | 527,579 | (63,480) |
| VI . Cash and cash equivalents-Beginning | 746,241 | 1,208,185 |
| VII . Cash and cash equivalents-Ending | 1,273,820 | 1,144,705 |

6.Others

(1) Actual of orders

Thousands of Yen

| | Six months ended July 31, 2021 |
|----------------------------|-----------------------------------|
| Products category | Amount |
| Control switches | 467,794 |
| Connecting devices | 792,215 |
| Pilot lamps and Indicators | 238,039 |
| Electronic devices | 362,333 |
| Third party sales | 25,745 |
| Others | 6,558 |
| Total | 1,892,685 |

(2) Backlog of orders

Thousands of Yen

| | Six months ended July 31, 2021 |
|----------------------------|-----------------------------------|
| Products category | Amount |
| Control switches | 220,550 |
| Connecting devices | 211,039 |
| Pilot lamps and Indicators | 106,579 |
| Electronic devices | 201,089 |
| Third party sales | 116,466 |
| Others | 4,355 |
| Total | 860,080 |

(3) Sales

| Thousands of Yen | |
|----------------------------|-----------------------------------|
| | Six months ended July 31, 2021 |
| Products category | Amount |
| Control switches | 517,217 |
| Connecting devices | 732,357 |
| Pilot lamps and Indicators | 237,393 |
| Electronic devices | 280,288 |
| Third party sales | 56,665 |
| Others | 9,453 |
| Total | 1,833,376 |

① Sales form

| Thousands of Yen | |
|------------------|-----------------------------------|
| | Six months ended July 31, 2021 |
| | Amount |
| Domestic sales | 1,711,949 |
| Overseas sales | 121,426 |
| Total | 1,833,376 |

Note: The details of overseas sales are listed below.

② Foreign market for trading company (overseas sales)

| Thousands of Yen | |
|------------------|-----------------------------------|
| | Six months ended July 31, 2021 |
| | Amount |
| Asia | 98,980 |
| Middle East | 16,224 |
| Others | 6,221 |
| Total | 121,426 |