

Financial Results for the Second Quarter of the Year 2023

(Six months ended on July 31, 2022)

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

Code Number: 6654

Coordinator: Noriko Shimomura

Director and Executive Officer

Stock: Tokyo Stock Exchange

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Date of the board meeting for this period: September 6, 2022

1. Second quarter financial results for the six months ended on July 31 (February 1, 2022 through July 31, 2022)

(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 2023	1,890	3.1	190	125.5	207	80.1
2nd Q.FY 2022	1,833	(1.1)	84	(54.0)	115	(39.7)

	Net income		Net income per share –basic	Net income per share –diluted
	Millions of yen	%	Yen	Yen
2nd Q.FY 2023	145	79.6	25.64	25.60
2nd Q.FY 2022	81	(39.2)	14.15	14.11

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 2023	10,936	10,139	92.6	1,826.19
FY 2022	11,004	10,286	93.4	1,789.50

Note: Equity capital

2nd Q.FY 2023 10,129 million yen
FY 2022 10,277 million yen

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2022	—	16.00	—	16.00	32.00
FY 2023	—	16.00			
FY 2023 (forecast)			—	16.00	32.00

Note : Revision of dividends forecast for this period : No

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	%
FY 2023	3,900	4.8	291	27.1	313	14.3

	Net income		Net income per share
	Millions of yen	%	Yen
FY 2023	217	13.9	38.81

Note : 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 : Yes
(3) Changes except (2) : No
(4) About number of shares

Number of shares issued	:	2nd Q.FY 2023	6,669,000	FY 2022	6,669,000
Treasury stock at end of each period	:	2nd Q.FY 2023	1,121,930	FY 2022	925,730
Average number of shares	:	2nd Q.FY 2023	5,679,777	2nd Q.FY 2022	5,730,529

※ 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).

Supplementary financial materials will be posted on our web site on September 7, 2022.

Qualitative information / Financial affairs

1. Description on business performance

(1) General situation

During the first six months of the fiscal year ending January 31, 2023, Japan's economy was showing signs of recovery in consumer spending and capital investment. However, it remains uncertain because of concerns about soaring raw material prices associated with geopolitical risk and about volatility in financial markets.

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 the sales of Switches for electric power and railway vehicles decreased, the sales of Connector terminal block and Test terminal block increased.

The cumulative sales amount in the first six months of the fiscal year was 1,890 million yen (increased by 3.1% compared with the previous year).

Regarding the cumulative profit, the net sales exceeded last year's, inventory was built up with increase of orders received, manufacturing costs decreased, the operating income was 190 million yen (increased by 125.5% compared with the previous year), the ordinary income was 207 million yen (increased by 80.1% compared with the previous year), and the net income was 145 million yen (increased by 79.6% compared with the previous year).

(2) Products sales

Control switches

Although the sales of Auxiliary switch increased, the sales of Cam switch and Switches for railway vehicles decreased. The sales amount was 513 million yen (decreased by 0.7% compared with the previous year).

Connecting devices

Connector terminal block and Test terminal block were selling well. The sales amount was 829 million yen (increased by 13.3% compared with the previous year).

Pilot lamps and Indicators

Although the sales of Indicators increased, the sales of LED Indicator and Multi-window Indicator decreased.

The sales amount was 235 million yen (decreased by 0.8% compared with the previous year).

Electronic devices

The sales of Digital alarm and Indicator module were sluggish. However, the sales of Interface unit and Annunciator relay increased.

The sales amount was 288 million yen (increased by 3.0% 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 23 million yen (decreased by 58.4% compared with the previous year).

Others

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

2. Description on business performance forecast

As for the prospects of our business performances of January 2023, there have been no changes in the prospects announced by the brief note on August 29, 2022.

3.Non-consolidated quarterly balance sheets

Thousands of Yen

	As of January 31, 2022	As of July 31, 2022
	Amount	Amount
(Assets)		
I Current assets		
1.Cash and deposits	4,552,192	4,391,566
2.Notes and accounts receivable-trade	1,197,161	1,191,710
3.Electronically recorded monetary claims	311,988	342,255
4. Finished goods	163,762	210,560
5. Work in process	397,250	412,937
6. Raw materials	498,818	551,375
7. Others	39,880	50,214
Total current assets	7,161,055	7,150,619
II Noncurrent assets		
(1) Property, plant and equipment		
1.Buildings, net	1,615,507	1,562,585
2.Land	1,347,627	1,347,627
3.Others, net	244,574	211,442
Total property, plant and equipment	3,207,709	3,121,655
(2) Intangible assets	9,510	7,538
(3) Investments and other assets		
1.Investment securities	577,579	611,488
2.Others	48,336	45,671
Total investments and other assets	625,915	657,160
Total noncurrent assets	3,843,136	3,786,354
Total assets	11,004,191	10,936,974

3.Non-consolidated quarterly balance sheets

Thousands of Yen

	As of January 31, 2022	As of July 31, 2022
	Amount	Amount
(Liabilities)		
I Current liabilities		
1.Accounts payable-trade	138,762	152,076
2.Short-term loans payable	120,000	120,000
3.Income taxes payable	54,359	76,137
4.Provision for bonuses	58,533	52,939
5.Provision for directors' bonuses	—	990
6. Provision for product warranties	114,019	102,360
7. Others	117,489	157,860
Total current liabilities	603,164	662,364
II Noncurrent liabilities		
1.Provision for retirement benefits	100,732	120,461
2.Others	13,553	14,983
Total noncurrent liabilities	114,285	135,444
Total liabilities	717,449	797,809
(Net assets)		
I Shareholders' equity		
1.Capital stock	1,087,250	1,087,250
2.Capital surplus	1,712,365	1,712,342
3.Retained earnings	8,286,226	8,339,937
4.Treasury stock	(1,027,968)	(1,256,550)
Total shareholders' equity	10,057,873	9,882,980
II Valuation and translation adjustments		
Valuation difference on available-for-sale securities	219,680	246,996
Total valuation and translation adjustments	219,680	246,996
III Share option	9,187	9,187
Total net assets	10,286,741	10,139,164
Total liabilities and net assets	11,004,191	10,936,974

4.Non-consolidated quarterly statements of income

Thousands of Yen

	Six months ended July 31, 2021	Six months ended July 31, 2022
	Amount	Amount
I Net sales	1,833,376	1,890,896
II Cost of sales	1,263,141	1,215,592
Gross profit	570,234	675,303
III Selling, general and administrative expenses	485,792	484,894
Operating income	84,441	190,409
IV Non-operating income		
1.Interest income	347	141
2.Dividends income	6,159	8,026
3.Subsidy income	15,475	5,217
4.Gain on investments in partnership	5,917	—
5.Foreign exchange gains	824	4,588
6.Others	2,788	3,292
Total non-operating income	31,513	21,267
V Non-operating expenses		
1.Interest expenses	525	484
2.Loss on investments in partnership	—	2,872
3.Others	1	409
Total non-operating expenses	526	3,766
Ordinary income	115,428	207,909
VI Extraordinary loss		
Loss on retirement of noncurrent assets	0	0
Total extraordinary losses	0	0
Income before income taxes	115,428	207,909
Income taxes	34,353	62,306
Net income	81,075	145,603

5.Non-consolidated quarterly statements of cash flows

Thousands of Yen

	Six months ended July 31, 2021	Six months ended July 31, 2022
Description	Amount	Amount
I. Net cash provided by (used in) operating activities		
Income before income taxes	115,428	207,909
Depreciation and amortization	140,570	106,961
Increase (decrease) in provision for directors' bonuses	—	990
Increase (decrease) in provision for retirement benefits	21,435	19,729
Interest and dividends income	(6,506)	(8,168)
Interest expenses	525	484
Increase(decrease) in provision for product warranties	36,288	(11,659)
Loss (gain) on investments in partnership	(5,917)	2,872
Subsidy income	(15,475)	(5,217)
Loss on retirement of property, plant and equipment	0	0
Decrease (increase) in notes and accounts receivable-trade	(27,732)	(24,815)
Decrease (increase) in inventories	(1,429)	(115,041)
Increase (decrease) in notes and accounts payable-trade	30,639	13,314
Others	34,400	9,616
Subtotal	322,226	196,976
Interest and dividends received	6,605	8,197
Interest expenses paid	(539)	(458)
Proceeds from subsidy income	15,475	5,217
Income taxes paid	(24,616)	(28,665)
Net cash provided by (used in) operating activities	319,151	181,267
II. Net cash provided by (used in) investing activities		
Payment for time deposits	(3,500,001)	(3,200,003)
Proceeds from time deposits	3,300,000	3,300,001
Purchase of tangible assets	(93,470)	(22,659)
Purchase of intangible assets	(957)	—
Proceeds from distribution investments in partnership	4,000	2,500
Net cash provided by (used in) investing activities	(290,428)	79,838
III. Net cash provided by (used in) financing activities		
Cash dividends paid	(91,107)	(92,386)
Purchase of treasury shares	—	(232,800)
Others	13	—
Net cash provided by (used in) financing activities	(91,093)	(325,186)
IV. Effect of exchange rate change on cash and cash equivalents	(1,109)	3,452
V. Net increase (decrease) in cash and cash equivalents	(63,480)	(60,627)
VI. Cash and cash equivalents-Beginning	1,208,185	1,152,190
VII. Cash and cash equivalents-Ending	1,144,705	1,091,562

6.Others

(1) Actual of orders

Thousands of Yen

	Six months ended July 31, 2022
Products category	Amount
Control switches	564,283
Connecting devices	844,260
Pilot lamps and Indicators	241,035
Electronic devices	485,574
Third party sales	48,090
Others	5
Total	2,183,248

(2) Backlog of orders

Thousands of Yen

	Six months ended July 31, 2022
Products category	Amount
Control switches	368,230
Connecting devices	380,039
Pilot lamps and Indicators	181,017
Electronic devices	557,212
Third party sales	42,068
Others	—
Total	1,528,568

(3) Sales

Thousands of Yen

	Six months ended July 31, 2022
Products category	Amount
Control switches	513,781
Connecting devices	829,415
Pilot lamps and Indicators	235,510
Electronic devices	288,609
Third party sales	23,573
Others	5
Total	1,890,896

① Sales form

Thousands of Yen

	Six months ended July 31, 2022
	Amount
Domestic sales	1,745,466
Overseas sales	145,430
Total	1,890,896

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, 2022
	Amount
Asia	108,761
Middle East	22,225
Others	14,442
Total	145,430