

Financial Results for the Second Quarter of the Year 2024

(Six months ended on July 31, 2023)

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 5, 2023

1. Second quarter financial results for the six months ended on July 31 (February 1, 2023 through July 31, 2023)

(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 2024	1,824	(3.5)	200	5.1	213	2.7
2nd Q.FY 2023	1,890	3.1	190	125.5	207	80.1

	Net income		Net income per share –basic	Net income per share –diluted
	Millions of yen	%	Yen	Yen
2nd Q.FY 2024	218	50.1	39.38	39.32
2nd Q.FY 2023	145	79.6	25.64	25.60

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 2024	11,120	10,335	92.9	1,860.23
FY 2023	10,869	10,167	93.5	1,831.24

Note: Equity capital

2nd Q.FY 2024 10,326 million yen
FY 2023 10,158 million yen

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2023	—	16.00	—	16.00	32.00
FY 2024	—	16.00			
FY 2024 (forecast)			—	16.00	32.00

Note : Revision of dividends forecast for this period : No

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	%
FY 2024	3,720	0.3	330	(5.7)	353	(5.7)

	Net income		Net income per share
	Millions of yen	%	Yen
FY 2024	304	16.1	54.90

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 2024	6,669,000	FY 2023	6,669,000
Treasury stock at end of each period	:	2nd Q.FY 2024	1,117,630	FY 2023	1,121,430
Average number of shares	:	2nd Q.FY 2024	5,549,207	2nd Q.FY 2023	5,679,777

※ 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).

Supplementary financial materials will be posted on our web site on September 6, 2023.

Qualitative information / Financial affairs

1. Description on business performance

(1) General situation

During the first six months of the fiscal year ending January 31, 2024, Japan's economy slowly recovered because of these factors like improvements in consumer spending and corporate earnings. However, it remains uncertain including concerns about rising domestic prices continuously.

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 Telephone relay and I/O terminal increased, the sales of Terminal blocks and Connector terminal block decreased.

The cumulative sales amount in the first six months of the fiscal year was 1,824 million yen (decreased by 3.5% compared with the previous year).

Regarding the cumulative profit, the net sales fell below last year's, inventory was built up, selling, general and administrative expenses decreased, the operating income was 200 million yen (increased by 5.1% compared with the previous year), the ordinary income was 213 million yen (increased by 2.7% compared with the previous year), and recorded 102 million yen under gain on sales of investment securities in extraordinary income, the net income was 218 million yen (increased by 50.1% compared with the previous year).

(2) Products sales

Control switches

Although the sales of Cam switch increased, the sales of Auxiliary Switch and Switches for railway vehicles decreased. The sales amount was 455 million yen (decreased by 11.3% compared with the previous year).

Connecting devices

The sales of Large current busbar connector increased. However, the sales of Terminal blocks and Connector terminal block decreased. The sales amount was 740 million yen (decreased by 10.7% compared with the previous year).

Pilot lamps and Indicators

The sales of Multi-window Indicator and Indicators were sluggish. The sales amount was 214 million yen (decreased by 9.0% compared with the previous year).

Electronic devices

Telephone relay and I/O terminal were selling well. The sales amount was 373 million yen (increased by 29.6% compared with the previous year).

Third party sales

Because of the increase in sales of Equipments for photovoltaic generation and parts, the sales amount was 31 million yen (increased by 34.4% compared with the previous year).

Others

The sales amount except for Electric control devices was 8 million yen.

2. Description on business performance forecast

As for the prospects of our business performances of January 2024, there have been no changes in the prospects announced by the brief note on August 29, 2023.

3.Non-consolidated quarterly balance sheets

Thousands of Yen

	As of January 31, 2023	As of July 31, 2023
	Amount	Amount
(Assets)		
I Current assets		
1.Cash and deposits	4,466,974	4,640,121
2.Notes and accounts receivable-trade	1,053,605	1,107,507
3.Electronically recorded monetary claims	322,929	295,334
4. Finished goods	255,512	296,604
5. Work in process	453,508	475,975
6. Raw materials	563,602	557,516
7. Others	35,934	53,909
Total current assets	7,152,067	7,426,970
II Noncurrent assets		
(1) Property, plant and equipment		
1.Buildings, net	1,509,720	1,457,674
2.Land	1,347,627	1,347,627
3.Others, net	189,279	197,230
Total property, plant and equipment	3,046,626	3,002,532
(2) Intangible assets	13,005	10,606
(3) Investments and other assets		
1.Investment securities	609,408	651,031
2.Others	48,873	29,303
Total investments and other assets	658,281	680,334
Total noncurrent assets	3,717,913	3,693,473
Total assets	10,869,981	11,120,444

3.Non-consolidated quarterly balance sheets

Thousands of Yen

	As of January 31, 2023	As of July 31, 2023
	Amount	Amount
(Liabilities)		
I Current liabilities		
1.Accounts payable-trade	122,753	114,049
2.Short-term loans payable	120,000	120,000
3.Income taxes payable	75,768	110,625
4.Provision for bonuses	55,566	53,003
5.Provision for directors' bonuses	—	2,025
6.Provision for product warranties	84,914	70,181
7.Others	119,421	183,517
Total current liabilities	578,423	653,402
II Noncurrent liabilities		
1.Provision for retirement benefits	108,523	115,698
2.Others	15,440	15,874
Total noncurrent liabilities	123,963	131,572
Total liabilities	702,387	784,975
(Net assets)		
I Shareholders' equity		
1.Capital stock	1,087,250	1,087,250
2.Capital surplus	1,712,314	1,712,257
3.Retained earnings	8,368,109	8,497,859
4.Treasury stock	(1,255,990)	(1,251,734)
Total shareholders' equity	9,911,683	10,045,633
II Valuation and translation adjustments		
Valuation difference on available-for-sale securities	247,253	281,179
Total valuation and translation adjustments	247,253	281,179
III Share option	8,656	8,656
Total net assets	10,167,593	10,335,468
Total liabilities and net assets	10,869,981	11,120,444

4.Non-consolidated quarterly statements of income

Thousands of Yen

	Six months ended July 31, 2022	Six months ended July 31, 2023
	Amount	Amount
I Net sales	1,890,896	1,824,070
II Cost of sales	1,215,592	1,160,469
Gross profit	675,303	663,600
III Selling, general and administrative expenses	484,894	463,417
Operating income	190,409	200,183
IV Non-operating income		
1.Interest income	141	260
2.Interest on securities	—	33
3.Dividends income	8,026	7,613
4.Subsidy income	5,217	5,260
5.Foreign exchange gains	4,588	2,350
6.Others	3,292	2,909
Total non-operating income	21,267	18,427
V Non-operating expenses		
1.Interest expenses	484	488
2.Loss on investments in partnership	2,872	4,679
3.Others	409	0
Total non-operating expenses	3,766	5,168
Ordinary income	207,909	213,442
VI Extraordinary income		
Gain on sales of investment securities	—	102,310
Total extraordinary income	—	102,310
VII Extraordinary loss		
Loss on retirement of noncurrent assets	0	0
Total extraordinary losses	0	0
Income before income taxes	207,909	315,752
Income taxes	62,306	97,240
Net income	145,603	218,511

5.Non-consolidated quarterly statements of cash flows

Thousands of Yen

	Six months ended July 31, 2022	Six months ended July 31, 2023
Description	Amount	Amount
I. Net cash provided by (used in) operating activities		
Income before income taxes	207,909	315,752
Depreciation and amortization	106,961	98,385
Increase (decrease) in provision for directors' bonuses	990	2,025
Increase (decrease) in provision for retirement benefits	19,729	7,174
Interest and dividends income	(8,168)	(7,906)
Interest expenses	484	488
Increase(decrease) in provision for product warranties	(11,659)	(14,732)
Loss (gain) on sale of investment securities	—	(102,310)
Loss (gain) on investments in partnership	2,872	4,679
Subsidy income	(5,217)	(5,260)
Loss on retirement of property, plant and equipment	0	0
Decrease (increase) in notes and accounts receivable-trade	(24,815)	(26,306)
Decrease (increase) in inventories	(115,041)	(57,473)
Increase (decrease) in notes and accounts payable-trade	13,314	(8,703)
Others	9,616	16,864
Subtotal	196,976	222,675
Interest and dividends received	8,197	7,948
Interest expenses paid	(458)	(498)
Proceeds from subsidy income	5,217	5,260
Income taxes paid	(28,665)	(49,543)
Net cash provided by (used in) operating activities	181,267	185,841
II. Net cash provided by (used in) investing activities		
Payment for time deposits	(3,200,003)	(3,200,005)
Proceeds from time deposits	3,300,001	3,200,003
Purchase of tangible assets	(22,659)	(29,617)
Purchase of intangible assets	—	(165)
Purchase of investment securities	—	(9,893)
Proceeds from sales of investment securities	—	110,500
Proceeds from distribution investments in partnership	2,500	4,200
Net cash provided by (used in) investing activities	79,838	75,022
III. Net cash provided by (used in) financing activities		
Cash dividends paid	(92,386)	(88,440)
Purchase of treasury shares	(232,800)	—
Net cash provided by (used in) financing activities	(325,186)	(88,440)
IV. Effect of exchange rate change on cash and cash equivalents	3,452	722
V. Net increase (decrease) in cash and cash equivalents	(60,627)	173,145
VI. Cash and cash equivalents-Beginning	1,152,190	1,166,971
VII. Cash and cash equivalents-Ending	1,091,562	1,340,116

6.Others

(1) Actual of orders

Thousands of Yen

	Six months ended July 31, 2023
Products category	Amount
Control switches	458,296
Connecting devices	770,047
Pilot lamps and Indicators	235,945
Electronic devices	332,776
Third party sales	81,765
Others	1,800
Total	1,880,631

(2) Backlog of orders

Thousands of Yen

	Six months ended July 31, 2023
Products category	Amount
Control switches	352,613
Connecting devices	398,256
Pilot lamps and Indicators	177,062
Electronic devices	532,763
Third party sales	95,915
Others	—
Total	1,556,611

(3) Sales

Thousands of Yen	
	Six months ended July 31, 2023
Products category	Amount
Control switches	455,486
Connecting devices	740,510
Pilot lamps and Indicators	214,392
Electronic devices	373,901
Third party sales	31,678
Others	8,100
Total	1,824,070

① Sales form

Thousands of Yen	
	Six months ended July 31, 2023
	Amount
Domestic sales	1,652,682
Overseas sales	171,387
Total	1,824,070

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, 2023
	Amount
Asia	122,743
Middle East	20,497
Others	28,146
Total	171,387