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## Consolidated Financial Results for the Nine Months Ended December 31, 2022 [Japanese GAAP]

February 7, 2023

Company name: Osaki Electric Co., Ltd.

Stock exchange listing: Tokyo

Code number: 6644

URL: <https://www.osaki.co.jp>

Representative: Chairman and CEO

Yoshihide Watanabe

Contact: Director and Managing Executive Officer  
Head of Corporate Strategy Division

Ryuichi Ueno

Phone: 03-3443-7171

Scheduled date of filing quarterly securities report: February 14, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down)

### 1. Consolidated Financial Results for the Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)

#### (1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2022	60,642	12.8	1,063	34.4	460	(43.1)	543	-
December 31, 2021	53,755	0.3	790	(52.4)	808	(54.7)	(484)	-

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥ 3,150 million [ 773.6%]  
 Nine months ended December 31, 2021: ¥ 360 million [ (54.1)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2022	11.43	11.24
December 31, 2021	(9.88)	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
December 31, 2022	88,852	58,558	52.1
March 31, 2022	91,222	57,611	49.6

(Reference) Equity: As of December 31, 2022: ¥ 46,272 million  
 As of March 31, 2022: ¥ 45,236 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	10.00	-	10.00	20.00
Fiscal year ending March 31, 2023	-	10.00	-		
Fiscal year ending March 31, 2023 (Forecast)				10.00	20.00

(Note) Revision to the forecast for dividends announced most recently: No

## 3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2023(April 1, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Full year	88,000	15.5	1,500	17.4	1,100	(7.5)	1,000	-		21.03

(Note) Revision to the financial results forecast announced most recently: Yes

### \* Notes:

#### (1) Changes in significant subsidiaries during the nine months ended December 31, 2022

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name: )

Exclusion: - (Company name: )

#### (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

#### (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

#### (4) Total number of issued shares (common shares)

##### 1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2022: 49,267,180 shares

March 31, 2022: 49,267,180 shares

##### 2) Total number of treasury shares at the end of the period:

December 31, 2022: 2,303,345 shares

March 31, 2022: 968,247 shares

##### 3) Average number of shares during the period:

Nine months ended December 31, 2022: 47,551,002 shares

Nine months ended December 31, 2021: 49,100,086 shares

\*Quarterly financial results are exempt from the audit conducted by certificated public accountants or an auditing firm.

### \*Proper use of business forecasts and other special notes

The description of the future such as business outlook made in this statement are based on the information we currently have and the certain assumptions that we consider reasonable. The actual performance may significantly vary due to the various factors.

Regarding business forecasts, please refer to the page 5 "1.3 Statements for Financial Forecasts and Business Outlook".

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## 1. Business Results (Nine Months ended December 31, 2022)

### 1.1 Highlight of Operating Results of Nine Months ended December 31, 2022

- Consolidated sales increased by 12.8% in the amount of 60.6 billion yen from the corresponding period in the previous fiscal year. Operating income was 1.06 billion yen, an increase by 34.4%. Net income attributable to owners of parent was 0.54 billion yen compared to a loss of 0.48 billion yen in the previous fiscal year, including an extraordinary income for the sale of subsidiaries in Japan and overseas.
- In smart meters & solutions in Japan, sales of smart meters and solutions increased and profits expanded accordingly.
- In smart meters & solutions in overseas, while shipments to Oceania showed steady growth, shipments to UK decreased due to electronic component shortages. All in all, sales decreased in U.S. dollar basis, but increased in Yen due to yen depreciation. Profits decreased due to a hike in material costs, marking an operating loss.

### Summary of Consolidated Financial Results for the Nine Months ended December 31, 2022

	(Millions of yen)			
	Nine Months ended December '21	Nine Months ended December '22	YoY change	
			Amount	%
Net sales	53,755	60,642	6,887	12.8%
Smart meters & solutions in Japan	32,248	37,517	5,268	16.3%
Smart meters & solutions overseas	21,395	22,699	1,303	6.1%
Production equipment	547	761	214	39.2%
Real estate	415	427	11	2.8%
Adjustment	(852)	(762)	89	-
Operating income	790	1,063	272	34.4%
Smart meters & solutions in Japan	835	2,186	1,351	161.8%
Smart meters & solutions overseas	23	(1,343)	(1,367)	-
Production equipment	(229)	9	239	-
Real estate	211	218	6	2.9%
Adjustment	(50)	(7)	43	-
Ordinary income	808	460	(348)	(43.1)%
Profit attributable to owners of parent	(484)	543	1,028	-

\* "Production equipment" includes accumulated sales and profits of Osaki Engineering Co., Ltd. for the six months ended September 30, 2022. Osaki Electric has sold all holding shares of Osaki Engineering Co., Ltd. as of September 30<sup>th</sup>.

## 1.2 Consolidated Financial Condition

Total assets as of December 31, 2022 were 88,852 million yen, a 2,369 million yen decrease from March 31, 2022. This was mainly due to a decrease in cash and deposits, and notes and accounts receivable by 3,193 million yen and 2,083 million yen respectively, while inventory increased by 4,516 million yen.

Total liabilities were 30,293 million yen, a 3,316 million yen decrease from March 31, 2022. This was mainly due to a decrease in short to long term borrowings and provision for bonuses by 2,882 million yen and 584 million yen respectively.

Net assets were 58,558 million yen, a 947 million yen increase from March 31, 2022. This was mainly due to an increase in foreign currency translation adjustment by 1,909 million yen while capital surplus decreased by 405 million yen and treasury shares deducted from equity increased by 682 million yen.

## 1.3 Statements for Financial Forecasts and Business Outlook

Changes are made to the financial year ending March 31, 2023 as following. Please refer to “Notice Concerning Revision of Financial Forecasts for the Fiscal Year ending March 2023” for more details.

Revision of consolidated financial results forecast for the fiscal year 2022  
(From April 1, 2022 to March 31, 2023)

	Net Sales (Million yen)	Operating Income (Million yen)	Ordinary Income (Million yen)	Net Income Attributable to Owners of Parent (Million yen)	Net Income Attributable to Owners of Parent per Share (Yen)
Previous Forecasts (A)	80,000	1,000	1,100	920	19.60
Revised Forecasts (B)	88,000	1,500	1,100	1,000	21.03
Change (B-A)	8,000	500	—	80	
Rate of Change (%)	+10.0	+50.0	—	+8.7	
(Reference) Results of the previous fiscal year ended March 31, 2022	76,184	1,277	1,189	(658)	(13.42)

## 2 Consolidated Financial Statements

### 2.1 Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of December 31,2022
<b>Assets</b>		
Current assets		
Cash and deposits	11,857	8,663
Deposits paid	3,546	4,377
Notes and accounts receivable - trade, and contract assets	17,436	15,353
Merchandise and finished goods	6,031	7,872
Work in process	3,165	3,321
Raw materials and supplies	6,911	9,431
Other	3,234	3,634
Allowance for doubtful accounts	(530)	(556)
<b>Total current assets</b>	<b>51,653</b>	<b>52,098</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,880	8,415
Land	12,830	12,099
Other, net	6,059	5,321
<b>Total property, plant and equipment</b>	<b>27,770</b>	<b>25,837</b>
Intangible assets	868	726
Investments and other assets		
Investment securities	5,229	5,645
Retirement benefit asset	1,525	1,505
Other	4,178	3,042
Allowance for doubtful accounts	(3)	(3)
<b>Total investments and other assets</b>	<b>10,930</b>	<b>10,190</b>
<b>Total non-current assets</b>	<b>39,568</b>	<b>36,754</b>
<b>Total assets</b>	<b>91,222</b>	<b>88,852</b>

(Million yen)

	As of March 31,2022	As of December 31,2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	7,324	6,879
Electronically recorded obligations - operating	2,965	3,506
Short-term borrowings	6,926	1,147
Income taxes payable	502	305
Provision for bonuses	1,656	1,072
Provision for bonuses for directors (and other officers)	48	41
Provision for product warranties	473	517
Other	6,604	6,568
<b>Total current liabilities</b>	<b>26,502</b>	<b>20,038</b>
Non-current liabilities		
Long-term borrowings	-	2,896
Provision for retirement benefits for directors (and other officers)	42	46
Provision for repairs	21	26
Retirement benefit liability	2,479	2,479
Deferred tax liabilities	2,154	2,400
Other	2,410	2,406
<b>Total non-current liabilities</b>	<b>7,108</b>	<b>10,255</b>
<b>Total liabilities</b>	<b>33,610</b>	<b>30,293</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,965	7,965
Capital surplus	8,750	8,750
Retained earnings	25,670	25,265
Treasury shares	(487)	(1,169)
<b>Total shareholders' equity</b>	<b>41,900</b>	<b>40,812</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,119	1,410
Foreign currency translation adjustment	1,667	3,577
Remeasurements of defined benefit plans	549	471
<b>Total accumulated other comprehensive income</b>	<b>3,336</b>	<b>5,459</b>
Share acquisition rights	509	466
Non-controlling interests	11,865	11,819
<b>Total net assets</b>	<b>57,611</b>	<b>58,558</b>
<b>Total liabilities and net assets</b>	<b>91,222</b>	<b>88,852</b>

## 2.2 Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### Consolidated Statements of Income (For the nine months)

(Million yen)

	For the nine months ended December 31,2021	For the nine months ended December 31,2022
Net sales	53,755	60,642
Cost of sales	41,787	48,045
Gross profit	11,967	12,597
Selling, general and administrative expenses	11,177	11,534
Operating profit	790	1,063
Non-operating income		
Interest income	16	15
Dividend income	151	193
Subsidy income	189	39
Other	93	85
Total non-operating income	450	334
Non-operating expenses		
Interest expenses	227	100
Foreign exchange losses	148	796
Other	56	40
Total non-operating expenses	432	937
Ordinary profit	808	460
Extraordinary income		
Gain on sale of non-current assets	-	319
Gain on sale of shares of subsidiaries and associates	-	1,907
Total extraordinary income	-	2,226
Extraordinary losses		
Loss on sale of shares of subsidiaries and associates	-	580
Total extraordinary losses	-	580
Profit before income taxes	808	2,106
Income taxes – current	536	816
Income taxes – deferred	288	262
Total income taxes	825	1,079
Profit (loss)	(17)	1,027
Profit attributable to non-controlling interests	467	483
Profit (loss) attributable to owners of parent	(484)	543



Consolidated Statements of Comprehensive Income (For the nine months)

(Million yen)

	For the nine months ended December 31,2021	For the nine months ended December 31,2022
Profit (loss)	(17)	1,027
Other comprehensive income		
Valuation difference on available-for-sale securities	(44)	291
Foreign currency translation adjustment	484	1,909
Remeasurements of defined benefit plans, net of tax	(62)	(77)
Total other comprehensive income	377	2,123
Comprehensive income	360	3,150
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(106)	2,666
Comprehensive income attributable to non-controlling interests	467	483

## 2.3 Notes to Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

There are no applicable matters.

(Notes in the Event of Significant Changes in Shareholders' Capital)

There are no applicable matters.

(Business Segments)

I Fiscal year ended 31 Dec 2021

### 1. Sales, Profits or Losses by Reporting Segments

(Millions of yen)

	Reporting Segments					Adjustment (Remark)	Consolidated
	Smart meters & solutions in Japan	Smart meters & solutions overseas	Production equipment	Real estate	Total		
Sales to Customers	32,230	20,668	519	336	53,755	—	53,755
Intersegment Sales	17	727	27	79	852	(852)	—
Total Sales	32,248	21,395	415	415	54,607	(852)	53,755
Operating Income	835	23	(229)	211	841	(50)	790

(Remark) The operating income is adjusted by the elimination of the intersegment transactions.

### 2. Impairment loss of Fixed Asset and Goodwill by Reporting Segments

There are no applicable matters.

II Fiscal year ended 30 Dec 2022

### 1. Sales, Profits or Losses by Reporting Segments

(Millions of yen)

	Reporting Segments					Adjustment (Remark)	Consolidated
	Smart meters & solutions in Japan	Smart meters & solutions overseas	Production equipment	Real estate	Total		
Sales to Customers	37,500	22,034	759	348	60,642	—	60,642
Intersegment Sales	16	665	1	79	762	(762)	—
Total Sales	37,517	22,699	761	427	61,405	(762)	60,642
Operating Income	2,186	(1,343)	9	218	1,070	(7)	1,063

(Remark) The operating income is adjusted by the elimination of the intersegment transactions.

### 2. Changes in Reporting Segments

We have sold all stocks of Osaki Engineering Co., Ltd. on 30 Sep 2022, which had been classified into the “Production equipment” of the Reporting Segments. The company have excluded from the scope of consolidation from this report. In accordance with the aforementioned reason, “Production equipment” in this report, includes the business performances for only the six months ended 30 Sep 2022.

### 3. Impairment loss of Fixed Asset and Goodwill by Reporting Segments

There are no applicable matters.