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Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]

August 1, 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
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Scheduled date of filing quarterly securities report: August 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 Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2023	21,367	10.3	1,169	116.3	1,380	152.0	768	(63.7)
June 30, 2022	19,377	9.4	540	18.7	547	(4.2)	2,116	-

(Note) Comprehensive income: Three months ended June 30, 2023: ¥ 939 million [(62.4)%]
Three months ended June 30, 2022: ¥ 2,496 million [174.7%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	16.43	16.17
June 30, 2022	44.22	43.46

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	91,496	58,484	50.5
March 31, 2023	93,268	58,629	49.2

(Reference) Equity: As of June 30, 2023: ¥ 46,214 million
As of March 31, 2023: ¥ 45,933 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, 2023	-	10.00	-	10.00	20.00
Fiscal year ending March 31, 2024	-				
Fiscal year ending March 31, 2024 (Forecast)		10.00	-	10.00	20.00

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

(Note) Breakdown of the 1st quarter dividend for the fiscal year ending March 31, 2024 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	43,000	8.7	1,800	236.2	1,900	445.4	1,000	(4.0)	21.37
Full year	90,000	0.8	3,600	61.7	3,400	80.4	1,600	21.2	34.19

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

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2023
(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):

June 30, 2023:	49,267,180 shares
March 31, 2023:	49,267,180 shares

2) Number of treasury shares at the end of the period:

June 30, 2023:	2,464,755 shares
March 31, 2023:	2,464,755 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2023:	46,802,425 shares
Three months ended June 30, 2022:	47,861,351 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 descriptions 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 (Three Months ended June 30, 2023)

1.1 Highlight of Operating Results of Three Months ended June 30, 2023

- Consolidated sales were increased by 10.3% year on year to 21.4 billion yen. Operating income were increased by 116.3% to 1.2 billion yen. Net income attributable to owners of parent were decreased by 63.7% to 0.8 billion yen.
- Net sales for Smart meters & solutions in Japan increased slightly year on year with higher sales in the Smart Meter Business. Operating income increased with temporary changes in product mix, etc.
- For Smart meters & solutions overseas, both net sales and operating income increased year on year, including an increase in shipments to UK enabled by an upturn in the electronic materials procurement environment and an increase in shipments to Oceania.

Summary of Consolidated Financial Results for the Three Months ended June 30, 2023

	Three Months ended June '22	Three Months ended June '23	(Millions of yen)	
			YoY change	
			Amount	%
Net sales	19,377	21,367	1,989	10.3%
Smart meters & solutions in Japan	11,842	11,975	132	1.1%
Smart meters & solutions overseas	7,202	9,581	2,379	33.0%
Production equipment	301	—	(301)	—
Real estate	139	143	4	3.1%
Adjustment	(107)	(334)	(226)	—
Operating income	540	1,169	628	116.3%
Smart meters & solutions in Japan	627	1,046	419	66.9%
Smart meters & solutions overseas	(159)	55	214	—
Production equipment	5	—	(5)	—
Real estate	68	74	5	8.1%
Adjustment	(1)	(6)	(5)	—
Ordinary income	547	1,380	832	152.0%
Profit attributable to owners of parent	2,116	768	(1,347)	(63.7)%

1.2 Consolidated Financial Condition

Total assets at June 30, 2023 were 91,496 million yen, a 1,771 million yen decrease from March 31, 2023. This was mainly due to a decrease in notes and accounts receivable –trade and contract

assets by 5,742 million, while inventory increased by 3,208 million yen.

Total liabilities were 33,012 million yen, a 1,626 million yen decrease from March 31, 2023. This was mainly due to a decrease in notes and accounts payable - trade and electronically recorded

obligations - operating and short to long term borrowings at overseas subsidiaries by 998 million yen and 820 million yen respectively, while other current liabilities increased by 350 million yen.

Net assets were 58,484 million yen, a 145 million yen decrease from March 31, 2023. This was mainly due to a decrease in foreign currency translation adjustment and non-controlling interests by 506 million yen and 425 million yen respectively, while valuation difference on available-for-sale securities and retained earnings increased by 508 million yen and 300 million yen respectively.

1.3 Statements for Financial Forecasts and Business Outlook

The Company revised the forecast for the six months ending September 30, 2023 and full-year for the fiscal year ending March 31, 2024, previously announced on May 11, 2023. Please refer to “Notice Concerning Revision of Financial Forecasts for the Fiscal Year ending March 2024” for more details.

2 Consolidated Financial Statements

2.1 Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	9,171	8,572
Deposits paid	4,611	4,982
Notes and accounts receivable - trade, and contract assets	20,495	14,753
Merchandise and finished goods	7,775	9,126
Work in process	2,673	3,109
Raw materials and supplies	8,626	10,048
Other	3,778	4,217
Allowance for doubtful accounts	(514)	(518)
Total current assets	56,618	54,292
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,339	8,224
Land	12,090	12,099
Other, net	5,072	4,970
Total property, plant and equipment	25,502	25,295
Intangible assets	735	691
Investments and other assets		
Investment securities	5,660	6,351
Retirement benefit asset	1,571	1,568
Other	3,183	3,299
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	10,412	11,216
Total non-current assets	36,649	37,203
Total assets	93,268	91,496

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,172	7,237
Electronically recorded obligations - operating	3,799	3,735
Short-term borrowings	2,864	2,028
Income taxes payable	904	378
Provision for bonuses	1,543	1,581
Provision for bonuses for directors (and other officers)	39	20
Provision for loss on liquidation of subsidiaries and associates	14	-
Provision for product warranties	576	550
Other	7,092	7,443
Total current liabilities	25,008	22,976
Non-current liabilities		
Long-term borrowings	2,642	2,658
Provision for retirement benefits for directors (and other officers)	47	48
Provision for repairs	28	29
Retirement benefit liability	2,404	2,392
Deferred tax liabilities	2,209	2,359
Other	2,298	2,547
Total non-current liabilities	9,630	10,035
Total liabilities	34,638	33,012
Net assets		
Shareholders' equity		
Share capital	7,965	7,965
Capital surplus	8,759	8,759
Retained earnings	26,033	26,334
Treasury shares	(1,254)	(1,254)
Total shareholders' equity	41,503	41,804
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,423	1,931
Foreign currency translation adjustment	2,510	2,004
Remeasurements of defined benefit plans	496	473
Total accumulated other comprehensive income	4,430	4,409
Share acquisition rights	466	466
Non-controlling interests	12,228	11,803
Total net assets	58,629	58,484
Total liabilities and net assets	93,268	91,496

2.2 Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	19,377	21,367
Cost of sales	15,074	16,355
Gross profit	4,303	5,011
Selling, general and administrative expenses	3,762	3,842
Operating profit	540	1,169
Non-operating income		
Interest income	5	6
Dividend income	122	190
Foreign exchange gains	-	42
Other	61	55
Total non-operating income	189	294
Non-operating expenses		
Interest expenses	49	73
Foreign exchange losses	115	-
Other	16	10
Total non-operating expenses	182	83
Ordinary profit	547	1,380
Extraordinary income		
Gain on sale of non-current assets	289	-
Gain on sale of shares of subsidiaries and associates	1,730	-
Total extraordinary income	2,019	-
Extraordinary losses		
Loss on sale of shares of subsidiaries and associates	-	15
Total extraordinary losses	-	15
Profit before income taxes	2,567	1,365
Income taxes - current	201	382
Income taxes - deferred	93	22
Total income taxes	294	404
Profit	2,272	960
Profit attributable to non-controlling interests	156	191
Profit attributable to owners of parent	2,116	768

Consolidated Statements of Comprehensive Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	2,272	960
Other comprehensive income		
Valuation difference on available-for-sale securities	151	508
Foreign currency translation adjustment	99	(506)
Remeasurements of defined benefit plans, net of tax	(25)	(22)
Total other comprehensive income	224	(20)
Comprehensive income	2,496	939
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,340	748
Comprehensive income attributable to non-controlling interests	156	191

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 30 Jun 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	11,837	7,127	300	113	19,377	—	19,377
Intersegment Sales	5	74	0	26	107	(107)	—
Total Sales	11,842	7,202	301	139	19,485	(107)	19,377
Operating Income	627	(159)	5	68	541	(1)	540

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

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

There are no applicable matters.

II Fiscal year ended 30 Jun 2023

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	Real estate	Total		
Sales to Customers	11,970	9,279	117	21,367	—	21,367
Intersegment Sales	5	302	26	334	(334)	—
Total Sales	11,975	9,581	143	21,701	(334)	21,367
Operating Income	1,046	55	74	1,176	(6)	1,169

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

2. *Changes in Reporting Segments

We have sold Osaki Engineering Co., Ltd. on 30 Sep 2022 that had been classified into the “Production equipment” of the Reporting Segments in the previous fiscal year and have excluded from the scope of consolidation.

As a result, we have discontinued the “Production equipment” from the fiscal year ended 30 Jun 2023.

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

There are no applicable matters.