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Consolidated Financial Results for the Three Months Ended June 30, 2022 [Japanese GAAP]

August 2, 2022

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: August 12, 2022

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, 2022 (April 1, 2022 to June 30, 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	%
Three months ended June 30, 2022	19,377	9.4	540	18.7	547	(4.2)	2,116	-
June 30, 2021	17,720	(8.4)	455	(32.0)	571	102.3	128	-

(Note) Comprehensive income: Three months ended June 30, 2022: ¥ 2,496 million [174.7%]
Three months ended June 30, 2021: ¥ 908 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2022	44.22	43.46
June 30, 2021	2.62	2.57

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2022	87,906	58,765	53.2
March 31, 2022	91,222	57,611	49.6

(Reference) Equity: As of June 30, 2022: ¥ 46,763 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	-				
Fiscal year ending March 31, 2023 (Forecast)		10.00	-	10.00	20.00

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

3. Consolidated Financial Results 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
Six months ended September 30, 2022	39,000	8.1	(200)	-	(150)	-	1,300	-	27.59
Full year	80,000	5.0	1,000	(21.7)	1,100	(7.5)	1,500	-	31.96

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

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

June 30, 2022: 49,267,180 shares

March 31, 2022: 49,267,180 shares

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

June 30, 2022: 1,647,352 shares

March 31, 2022: 968,247 shares

3) Average number of shares during the period:

Three months ended June 30, 2022: 47,861,351 shares

Three months ended June 30, 2021: 49,048,418 shares

* Financial results reports are exempt from audit conducted by certificated public accountants or an audit corporation.

* Proper use of business forecasts and other special notes

Described in this statement for the future such as business outlook are based on information we currently have and certain assumptions that we consider reasonable. Actual performance might significantly vary due to various factors.

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

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1. Business Results (Three Months ended June 30, 2022)

1.1 Highlight of Operating Results of Three Months ended June 30, 2022

- Consolidated sales increased by 9.4% year on year to 19.4 billion yen. Operating income increased by 18.7% to 0.54 billion yen. Net income attributable to owners of parent was 2.1 billion yen due mainly to the gain on sales of overseas subsidiary, in contrast to 0.1 billion yen in the same period of the previous fiscal year.
- In Japan, sales and profits increased due to sales increase in solutions and switchgear business, despite the slight decrease in the smart meter sales.
- In the overseas, overall sales increased from sales increase in Oceania, despite a decrease in shipments to UK due to electronic component shortages. Profits decreased from rise in component and freight costs, and an increase in sales, general and administrative expenses.

Summary of Consolidated Financial Results for the Three Months ended June 30, 2022

(Millions of yen)

	Three Months ended June '21	Three Months ended June '22	YoY change	
			Amount	%
Net sales	17,720	19,377	1,657	9.4%
Smart meters & solutions in Japan	10,614	11,842	1,228	11.6%
Smart meters & solutions overseas	7,153	7,202	48	0.7%
Production equipment	64	301	236	363.4%
Real estate	138	139	0	0.5%
Adjustment	(252)	(107)	144	-
Operating income	455	540	85	18.7%
Smart meters & solutions in Japan	337	627	289	85.9%
Smart meters & solutions overseas	163	(159)	(322)	-
Production equipment	(116)	5	121	-
Real estate	69	68	(1)	(1.7)%
Adjustment	1	(1)	(2)	-
Ordinary income	571	547	(23)	(4.2)%
Profit attributable to owners of parent	128	2,116	1,987	-

1.2 Consolidated Financial Condition

Total assets at June 30, 2022 were 87,906 million yen, a 3,315 million yen decrease from March 31, 2022. This was mainly due to a decrease in notes and accounts receivable, and cash and deposits by 3,447 million yen and 2,185 million yen respectively, while inventory increased by 1,843 million yen.

Total liabilities were 29,141 million yen, a 4,469 million yen decrease from March 31, 2022. This was mainly due to a decrease in short to long term borrowings by 4,451 million yen, while other current liabilities increased by 192 million yen.

Net assets were 58,765 million yen, a 1,153 million yen increase from March 31, 2022. This was mainly due to an increase in capital surplus by 1,633 million yen, while non-controlling interest decreased by 372 million yen.

1.3 Statements for Financial Forecasts and Business Outlook

While financial results for three months ended June 30, 2022 exceeded the financial forecasts for the six months ending September 30, 2022, there are no changes made to the full-year financial forecasts announced in May 12, 2022. The Company is currently assessing the ongoing operations and business environment for further analysis, and will make changes to its financial forecasts as necessary and disclose the changes immediately.

2 Consolidated Financial Statements

2.1 Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of June 30,2022
Assets		
Current assets		
Cash and deposits	11,857	9,671
Deposits paid	3,546	4,040
Notes and accounts receivable - trade, and contract assets	17,436	13,989
Merchandise and finished goods	6,031	6,785
Work in process	3,165	3,469
Raw materials and supplies	6,911	7,697
Other	3,234	3,362
Allowance for doubtful accounts	(530)	(495)
Total current assets	51,653	48,521
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,880	9,146
Land	12,830	12,830
Other, net	6,059	5,496
Total property, plant and equipment	27,770	27,472
Intangible assets	868	810
Investments and other assets		
Investment securities	5,229	5,439
Retirement benefit asset	1,525	1,519
Other	4,178	4,146
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	10,930	11,101
Total non-current assets	39,568	39,384
Total assets	91,222	87,906

(Million yen)

	As of March 31,2022	As of June 30,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,324	6,405
Electronically recorded obligations - operating	2,965	3,858
Short-term borrowings	6,926	27
Income taxes payable	502	299
Provision for bonuses	1,656	1,525
Provision for bonuses for directors (and other officers)	48	34
Provision for product warranties	473	467
Other	6,604	6,797
Total current liabilities	26,502	19,414
Non-current liabilities		
Long-term borrowings	-	2,447
Provision for retirement benefits for directors (and other officers)	42	44
Provision for repairs	21	22
Retirement benefit liability	2,479	2,465
Deferred tax liabilities	2,154	2,186
Other	2,410	2,560
Total non-current liabilities	7,108	9,726
Total liabilities	33,610	29,141
Net assets		
Shareholders' equity		
Share capital	7,965	7,965
Capital surplus	8,750	8,750
Retained earnings	25,670	27,304
Treasury shares	(487)	(818)
Total shareholders' equity	41,900	43,202
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,119	1,270
Foreign currency translation adjustment	1,667	1,766
Remeasurements of defined benefit plans	549	523
Total accumulated other comprehensive income	3,336	3,560
Share acquisition rights	509	509
Non-controlling interests	11,865	11,492
Total net assets	57,611	58,765
Total liabilities and net assets	91,222	87,906

2.2 Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income (For the three months)

(Million yen)

	For the three months ended June 30,2021	For the three months ended June 30,2022
Net sales	17,720	19,377
Cost of sales	13,642	15,074
Gross profit	4,077	4,303
Selling, general and administrative expenses	3,622	3,762
Operating profit	455	540
Non-operating income		
Interest income	5	5
Dividend income	91	122
Subsidy income	119	30
Other	34	30
Total non-operating income	250	189
Non-operating expenses		
Interest expenses	79	49
Foreign exchange losses	34	115
Other	19	16
Total non-operating expenses	133	182
Ordinary profit	571	547
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
Profit before income taxes	571	2,567
Income taxes - current	145	201
Income taxes - deferred	112	93
Total income taxes	257	294
Profit	314	2,272
Profit attributable to non-controlling interests	185	156
Profit attributable to owners of parent	128	2,116

Consolidated Statements of Comprehensive Income (For the three months)

(Million yen)

	For the three months ended June 30,2021	For the three months ended June 30,2022
Profit	314	2,272
Other comprehensive income		
Valuation difference on available-for-sale securities	(78)	151
Foreign currency translation adjustment	694	99
Remeasurements of defined benefit plans, net of tax	(20)	(25)
Total other comprehensive income	594	224
Comprehensive income	908	2,496
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	723	2,340
Comprehensive income attributable to non-controlling interests	185	156

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 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	10,608	6,937	62	112	17,720	—	17,720
Intersegment Sales	6	216	2	26	252	(252)	—
Total sales	10,614	7,153	64	138	17,972	(252)	17,720
Operating Income	337	163	(116)	69	454	1	455

(Remark) The operating income is adjusted by intersegment transaction eliminations.

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

There are no applicable matters.

II 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 intersegment transaction eliminations.

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

There are no applicable matters.