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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

November 5, 2024

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 Listing: Tokyo
 Securities code: 6644
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 Scheduled date to file semi-annual securities report: November 14, 2024
 Scheduled date to commence dividend payments: December 5, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	44,451	0.6	1,730	(25.6)	1,568	(35.1)	571	(57.9)
September 30, 2023	44,174	11.7	2,325	334.4	2,415	593.5	1,356	30.2

(Note) Comprehensive income: For the Six months ended September 30, 2024: ¥ 2,549 million [(5.2) %]
 For the Six months ended September 30, 2023: ¥ 2,690 million [31.1 %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	12.19	12.00
September 30, 2023	28.97	28.51

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	101,455	63,837	50.5
March 31, 2024	95,641	62,532	51.9

(Reference) Equity: As of September 30, 2024: ¥ 51,259 million
 As of March 31, 2024: ¥ 49,609 million

2. Cash Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2024	Yen -	Yen 10.00	Yen -	Yen 10.00	Yen 20.00
Fiscal year ending March 31, 2025	-	10.00			
Fiscal year ending March 31, 2025 (Forecast)			-	10.00	20.00

(Note) Revision to the forecast for dividends most recently announced: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	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
Full year	97,000	1.9	5,000	(14.9)	4,600	(16.2)	2,700	12.1	57.60

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - (Company name:)

Excluded: - (Company name:)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

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

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

As of September 30, 2024: 48,267,180 shares

As of March 31, 2024: 49,267,180 shares

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

As of September 30, 2024: 1,641,634 shares

As of March 31, 2024: 2,353,409 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024: 46,871,571 shares

Six months ended September 30, 2023: 46,838,332 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

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1. Business Results

1.1 Highlight of Consolidated Operating Results

According to the newly established Corporate Purpose “We create new value for society through visualization of the invisible,” OSAKI group is executing its three-year Mid-Term Management Plan started in FY 2024 towards full-scale introduction of second-generation smart meters in FY 2026 and domestic and international expansion of its solutions business.

Specifically, the Group is engaged in key strategic pillars of the mid-term management plan: “Supplying added value to social infrastructure centered on smart meters,” “Supporting the streamlining of customers’ operations (digital transformation) by harnessing digital technology,” “Providing comprehensive Green Transformation Solutions to achieve decarbonization,” “Transformation into profit-oriented business,” and “Building resilient Group Operations platform.”

For the six months ended September 30, 2024, operating results by business portfolio category are as outlined below.

Net sales for Smart meters & solutions in Japan increased by 1.5% year on year to ¥25,390 million with higher sales in the Switchgear Business due to firm shipments to the private sector although sales in the Smart meter business decreased slightly due to demand slacking until introduction of the second-generation smart meter. Operating income decreased by 33.5% year on year to ¥1,265 million with changes in the product mix and higher raw material prices, as well as an increase in SG&A expenses, such as personnel expenses.

Net sales for Smart meters & solutions overseas decreased by 0.7% year on year to ¥19,424 million. Although shipments to Oceania increased successfully, shipments to the UK decreased due to inventory adjustments by customers. Successful performance in Oceania and improved profit margins gained from favorable exchange rates in the UK exceeded the impact of lower sales, and operating income increased by 20.1% year on year to ¥331 million.

In the Real estate, net sales decreased by 3.6% year on year to ¥277 million and operating income decreased by 13.4% year on year to ¥136 million.

In aggregate, for the six months ended September 30, 2024, net sales increased by 0.6% year on year to ¥44,451 million, operating income decreased by 25.6% year on year to ¥1,730 million, and ordinary income decreased by 35.1% to ¥1,568 million. Profit attributable to owners of parent decreased by 57.9% to ¥571 million due to the recording of extraordinary gain on sales of investment securities and extraordinary loss from business restructuring expenses accrued at overseas subsidiaries.

Summary of Consolidated Financial Results for the Six Months ended September 30, 2024

(Millions of yen)

	Six Months ended September 30, 2023	Six Months ended September 30, 2024	YoY Change	
			Amount	%
Net sales	44,174	44,451	276	+0.6%
Smart meters & solutions in Japan	25,022	25,390	368	+1.5%
Smart meters & solutions overseas	19,559	19,424	(135)	(0.7)%
Real estate	287	277	(10)	(3.6)%
Adjustment	(695)	(641)	53	-
Operating income	2,325	1,730	(595)	(25.6)%
Smart meters & solutions in Japan	1,903	1,265	(637)	(33.5)%
Smart meters & solutions overseas	276	331	55	+20.1%
Real estate	157	136	(21)	(13.4)%
Adjustment	(10)	(2)	8	-
Ordinary income	2,415	1,568	(847)	(35.1)%
Profit attributable to owners of parent	1,356	571	(785)	(57.9)%

1.2 Consolidated Financial Position

Total assets at September 30, 2024 were 101,455 million yen, a 5,814 million yen increase from March 31, 2024. This was mainly due to a decrease in notes and accounts receivable decreased by 1,958 million yen, while inventory and cash and deposits by 4,063 million yen and 3,142 million yen respectively.

Total liabilities were 37,618 million yen, a 4,509 million yen increase from March 31, 2024. This was mainly due to an increase in short to long term borrowings and other current liabilities by 4,285 million yen and 463 million yen respectively.

Net assets were 63,837 million yen, a 1,304 million yen increase from March 31, 2024. This was mainly due to a decrease in retained earnings and non-controlling interests by 394 million yen and 345 million yen respectively, while foreign currency translation adjustment increased by 1,966 million yen, and deduction of treasury stock decreased by 300 million yen.

1.3 Statements for Financial Forecasts and Business Outlook

There are no revisions to the financial forecast for the full year ending March 31, 2025, released on August 6, 2024.

2. Semi-annual Consolidated Financial Statements

2.1 Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	7,135	10,277
Deposits paid	3,717	5,514
Notes and accounts receivable - trade, and contract assets	18,825	16,867
Merchandise and finished goods	10,331	12,645
Work in process	2,747	3,402
Raw materials and supplies	9,230	10,324
Other	3,936	3,519
Allowance for doubtful accounts	(460)	(434)
Total current assets	55,464	62,117
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,979	7,965
Land	12,099	12,099
Other, net	4,666	5,050
Total property, plant and equipment	24,746	25,115
Intangible assets	783	786
Investments and other assets		
Investment securities	8,149	7,879
Retirement benefit asset	2,201	2,203
Other	4,301	3,356
Allowance for doubtful accounts	(4)	(3)
Total investments and other assets	14,647	13,436
Total non-current assets	40,177	39,337
Total assets	95,641	101,455

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,071	7,395
Electronically recorded obligations - operating	2,857	2,776
Short-term borrowings	1,874	8,983
Income taxes payable	786	698
Provision for bonuses	1,676	1,568
Provision for bonuses for directors (and other officers)	107	42
Provision for product warranties	462	445
Other	7,361	7,825
Total current liabilities	22,197	29,735
Non-current liabilities		
Long-term borrowings	2,823	-
Provision for retirement benefits for directors (and other officers)	52	55
Provision for repairs	52	55
Retirement benefit liability	2,347	2,407
Deferred tax liabilities	3,151	3,148
Other	2,483	2,216
Total non-current liabilities	10,910	7,883
Total liabilities	33,108	37,618
Net assets		
Shareholders' equity		
Share capital	7,965	7,965
Capital surplus	8,762	8,764
Retained earnings	27,503	27,108
Treasury shares	(1,198)	(897)
Total shareholders' equity	43,034	42,942
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,203	3,037
Foreign currency translation adjustment	2,521	4,488
Remeasurements of defined benefit plans	850	791
Total accumulated other comprehensive income	6,575	8,317
Share acquisition rights	466	466
Non-controlling interests	12,456	12,110
Total net assets	62,532	63,837
Total liabilities and net assets	95,641	101,455

2.2 Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	44,174	44,451
Cost of sales	33,952	33,925
Gross profit	10,222	10,526
Selling, general and administrative expenses	7,896	8,795
Operating profit	2,325	1,730
Non-operating income		
Interest income	20	17
Dividend income	195	180
Other	87	65
Total non-operating income	303	264
Non-operating expenses		
Interest expenses	92	154
Foreign exchange losses	88	206
Other	31	65
Total non-operating expenses	213	426
Ordinary profit	2,415	1,568
Extraordinary income		
Gain on sale of investment securities	-	123
Total extraordinary income	-	123
Extraordinary losses		
Loss on sale of shares of subsidiaries and associates	15	-
Business restructuring expenses	-	236
Total extraordinary losses	15	236
Profit before income taxes	2,400	1,455
Income taxes - current	686	688
Income taxes - deferred	35	(41)
Total income taxes	721	647
Profit	1,678	807
Profit attributable to non-controlling interests	321	236
Profit attributable to owners of parent	1,356	571

Semi-annual Consolidated Statements of Comprehensive Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	1,678	807
Other comprehensive income		
Valuation difference on available-for-sale securities	894	(165)
Foreign currency translation adjustment	162	1,966
Remeasurements of defined benefit plans, net of tax	(45)	(58)
Total other comprehensive income	1,011	1,742
Comprehensive income	2,690	2,549
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,368	2,313
Comprehensive income attributable to non-controlling interests	321	236

2.3 Notes to Semi-annual 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.

(Changes in Accounting Policies)

Accounting Standard for Corporate, Inhabitant and Enterprise Taxes (ASBJ Statement No. 27, October 28, 2022, hereafter referred to as “the 2022 Revised Accounting Standard”) and others were applied from the beginning of the first half of the current consolidated fiscal year.

The company follows the treatment concerning the classification of income taxes (taxation on other comprehensive income) as below:

- The treatment prescribed in Paragraph 20-3 of the 2022 Revised Accounting Standard
- Application guidelines for accounting standards related to tax effect accounting (ASBJ Statement No. 28, October 28, 2022, hereafter referred to as “the 2022 Revised Accounting Standard”) transitional treatment provided in the proviso to Article 65-2 (2)

In addition, regarding the revision regarding the treatment in consolidated financial statements when gains and losses on sales of subsidiary stocks, etc. within consolidated companies are deferred for tax purposes, the 2022 revised application guidelines were applied from the beginning of the first half of the current consolidated fiscal year.

The above changes have no impact on the semi-annual consolidated financial statements.

(Business Segments)

I Fiscal year ended September 30, 2023 (April 1, 2023 to September 30, 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	25,012	18,927	235	44,174	—	44,174
Intersegment Sales	10	632	52	695	(695)	—
Total Sales	25,022	19,559	287	44,870	(695)	44,174
Operating Income	1,903	276	157	2,336	(10)	2,325

(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 September 30, 2024 (April 1, 2024 to September 30, 2024)

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	25,379	18,847	224	44,451	—	44,451
Intersegment Sales	11	577	52	641	(641)	—
Total Sales	25,390	19,424	277	45,092	(641)	44,451
Operating Income	1,265	331	136	1,733	(2)	1,730

(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.