

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on Japanese GAAP)

August 10, 2023

Company name: NEW COSMOS ELECTRIC CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6824 URL <https://www.new-cosmos.co.jp/>
 Representative: President and Representative Director Yoshinori Takahashi
 Director, Senior Corporate Officer, General
 Inquiries: Taizo Murata TEL 06-6308-3112
 Manager of Administration Division
 Scheduled date to file Quarterly Securities Report: August 10, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results meeting: None

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(1) Consolidated operating results (cumulative)

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	%
Three months ended June 30, 2023	8,258	3.0	730	(33.7)	1,023	(34.0)	337	(47.3)
Three months ended June 30, 2022	8,021	5.2	1,101	12.4	1,551	46.0	640	2.2

Note: Comprehensive income For the three months ended June 30, 2023: ¥972 million [(12.7)%]
 For the three months ended June 30, 2022: ¥1,114 million [57.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	27.34	–
Three months ended June 30, 2022	51.89	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	54,404	43,303	74.3
As of March 31, 2023	54,930	43,031	73.1

Reference: Equity
 As of June 30, 2023: ¥40,417 million
 As of March 31, 2023: ¥40,135 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	0.00	–	47.00	47.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		0.00	–	47.00	47.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	41,294	11.0	4,780	(16.0)	5,014	(20.0)	2,862	(23.4)	231.70

Note: Revisions to the forecast of consolidated financial results most recently announced: None

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): None
Newly included: None
Excluded: None
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
Changes in accounting policies due to revisions to accounting standards and other regulations: None
Changes in accounting policies due to other reasons: None
Changes in accounting estimates: None
Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2023	12,561,000 shares	As of March 31, 2023	12,561,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	215,027 shares	As of March 31, 2023	215,027 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2023	12,345,973 shares	Three months ended June 30, 2022	12,337,090 shares
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* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters
(Cautionary statement with respect to forward-looking statements)

The forward-looking statements contained in this summary are based on the information currently available and certain assumptions considered reasonable. Actual operating results may differ significantly from these forecasts due to various factors.

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	15,676,551	14,401,674
Notes and accounts receivable - trade	6,696,429	5,409,792
Electronically recorded monetary claims - operating	2,393,915	2,600,547
Merchandise and finished goods	3,747,581	3,521,021
Work in process	2,372,880	3,256,238
Raw materials and supplies	5,426,455	5,987,320
Other	931,009	811,228
Allowance for doubtful accounts	(62,590)	(76,409)
Total current assets	37,182,233	35,911,414
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,210,310	2,309,931
Machinery, equipment and vehicles, net	1,012,725	999,736
Land	3,143,957	3,143,957
Construction in progress	1,204,096	1,184,917
Other, net	674,169	685,741
Total property, plant and equipment	8,245,259	8,324,284
Intangible assets		
Goodwill	1,111,694	1,078,006
Software	172,509	182,164
Software in progress	52,480	43,069
Other	103,759	105,797
Total intangible assets	1,440,443	1,409,038
Investments and other assets		
Investment securities	5,294,188	5,932,063
Deferred tax assets	416,162	415,029
Retirement benefit asset	600,515	602,841
Other	1,752,352	1,810,661
Allowance for doubtful accounts	(1,050)	(1,050)
Total investments and other assets	8,062,169	8,759,546
Total non-current assets	17,747,872	18,492,868
Total assets	54,930,106	54,404,283

(Thousands of yen)

As of March 31, 2023

As of June 30, 2023

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,494,662	2,137,209
Electronically recorded obligations - operating	2,943,807	2,806,731
Short-term borrowings	50,000	50,000
Current portion of long-term borrowings	345,000	320,000
Income taxes payable	458,091	382,365
Provision for bonuses	830,634	1,090,753
Provision for product warranties	168,907	154,480
Other	2,376,601	1,870,767
Total current liabilities	9,667,705	8,812,307
Non-current liabilities		
Long-term borrowings	447,500	380,000
Deferred tax liabilities	317,116	484,718
Provision for retirement benefits for directors (and other officers)	121,091	91,183
Retirement benefit liability	1,197,907	1,195,872
Other	147,763	136,617
Total non-current liabilities	2,231,377	2,288,391
Total liabilities	11,899,083	11,100,698
Net assets		
Shareholders' equity		
Share capital	1,460,000	1,460,000
Capital surplus	944,137	944,137
Retained earnings	36,087,293	35,844,598
Treasury shares	(332,651)	(332,651)
Total shareholders' equity	38,158,779	37,916,085
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,310,496	1,754,250
Foreign currency translation adjustment	561,280	653,347
Remeasurements of defined benefit plans	105,077	93,531
Total accumulated other comprehensive income	1,976,854	2,501,129
Non-controlling interests	2,895,387	2,886,369
Total net assets	43,031,022	43,303,584
Total liabilities and net assets	54,930,106	54,404,283

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	8,021,377	8,258,702
Cost of sales	4,169,397	4,304,663
Gross profit	3,851,979	3,954,039
Selling, general and administrative expenses	2,750,732	3,223,548
Operating profit	1,101,247	730,490
Non-operating income		
Interest income	1,723	1,283
Dividend income	32,956	35,912
Share of profit of entities accounted for using equity method	18,640	19,787
Foreign exchange gains	369,299	216,160
Other	28,864	20,957
Total non-operating income	451,483	294,102
Non-operating expenses		
Interest expenses	1,099	691
Other	528	540
Total non-operating expenses	1,627	1,231
Ordinary profit	1,551,103	1,023,361
Extraordinary income		
Gain on sale of non-current assets	–	346
Total extraordinary income	–	346
Extraordinary losses		
Loss on retirement of non-current assets	185	1,032
Total extraordinary losses	185	1,032
Profit before income taxes	1,550,917	1,022,675
Income taxes	734,805	593,602
Profit	816,111	429,072
Profit attributable to non-controlling interests	175,995	91,506
Profit attributable to owners of parent	640,116	337,565

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	816,111	429,072
Other comprehensive income		
Valuation difference on available-for-sale securities	40,602	443,768
Foreign currency translation adjustment	223,776	94,749
Remeasurements of defined benefit plans, net of tax	(11,003)	(11,546)
Share of other comprehensive income of entities accounted for using equity method	45,122	16,806
Total other comprehensive income	298,498	543,779
Comprehensive income	1,114,610	972,851
Comprehensive income attributable to		
Owners of parent	913,917	861,840
Non-controlling interests	200,692	111,010

Consolidated statements of cash flows

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,550,917	1,022,675
Depreciation	237,286	225,073
Loss (gain) on sale and retirement of property, plant and equipment	185	686
Amortization of goodwill	33,687	33,687
Increase (decrease) in allowance for doubtful accounts	9,932	13,550
Increase (decrease) in provision for bonuses	208,408	257,441
Increase (decrease) in provision for product warranties	2,598	(14,427)
Increase (decrease) in retirement benefit liability	393	(20,773)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(44,460)	(29,908)
Interest and dividend income	(34,679)	(37,196)
Interest expenses	1,099	691
Share of loss (profit) of entities accounted for using equity method	(18,640)	(19,787)
Decrease (increase) in trade receivables	1,861,830	1,137,031
Decrease (increase) in inventories	(1,013,467)	(1,129,742)
Increase (decrease) in trade payables	(14,909)	(604,110)
Other, net	11,896	(122,679)
Subtotal	2,792,081	712,212
Interest and dividends received	61,297	55,879
Interest paid	(1,100)	(691)
Income taxes paid	(1,329,164)	(714,087)
Net cash provided by (used in) operating activities	1,523,114	53,313
Cash flows from investing activities		
Purchase of property, plant and equipment	(233,448)	(635,441)
Proceeds from sale of property, plant and equipment	–	648
Purchase of intangible assets	(42,746)	(36,244)
Purchase of investment securities	(44,659)	(1,496)
Other, net	14,042	(216,433)
Net cash provided by (used in) investing activities	(306,811)	(888,967)
Cash flows from financing activities		
Repayments of long-term borrowings	(102,500)	(92,500)
Dividends paid	(448,685)	(569,657)
Dividends paid to non-controlling interests	(130,072)	(120,028)
Other, net	(1,895)	(2,349)
Net cash provided by (used in) financing activities	(683,153)	(784,535)
Effect of exchange rate change on cash and cash equivalents	341,760	144,464
Net increase (decrease) in cash and cash equivalents	874,909	(1,475,724)
Cash and cash equivalents at beginning of period	14,572,236	15,138,329
Cash and cash equivalents at end of period	15,447,146	13,662,605