

Translation

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

November 13, 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: Manager of Administration Division Taizo Murata TEL 06-6308-3112
 Scheduled date to file Quarterly Securities Report: November 13, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 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	%
Six months ended September 30, 2023	18,206	1.0	1,920	(33.9)	2,422	(32.6)	1,215	(37.6)
Six months ended September 30, 2022	18,028	12.8	2,906	16.2	3,596	34.2	1,948	17.5

Note: Comprehensive income For the six months ended September 30, 2023: ¥2,315 million [(17.0)%]
 For the six months ended September 30, 2022: ¥2,791 million [31.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	98.45	–
Six months ended September 30, 2022	157.93	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	57,603	44,661	72.3
As of March 31, 2023	54,930	43,031	73.1

Reference: Equity

As of September 30, 2023: ¥41,648 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	–	0.00			
Fiscal year ending March 31, 2024 (Forecast)			–	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		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 six months ended September 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
Newly included: 1 company (TAIWAN NEW COSMOS ELECTRIC CO., LTD.)
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 September 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 September 30, 2023	208,227 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)

Six months ended September 30, 2023	12,348,887 shares	Six months ended September 30, 2022	12,340,918 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 September 30, 2023
Assets		
Current assets		
Cash and deposits	15,676,551	15,725,612
Notes and accounts receivable - trade	6,696,429	6,067,415
Electronically recorded monetary claims - operating	2,393,915	2,704,992
Merchandise and finished goods	3,747,581	3,647,942
Work in process	2,372,880	3,445,676
Raw materials and supplies	5,426,455	6,090,198
Other	931,009	825,804
Allowance for doubtful accounts	(62,590)	(87,977)
Total current assets	37,182,233	38,419,666
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,210,310	2,442,003
Machinery, equipment and vehicles, net	1,012,725	1,203,678
Land	3,143,957	3,143,957
Construction in progress	1,204,096	1,322,092
Other, net	674,169	671,105
Total property, plant and equipment	8,245,259	8,782,836
Intangible assets		
Goodwill	1,111,694	1,044,318
Software	172,509	185,544
Software in progress	52,480	71,441
Other	103,759	105,276
Total intangible assets	1,440,443	1,406,581
Investments and other assets		
Investment securities	5,294,188	6,131,684
Deferred tax assets	416,162	414,158
Retirement benefit asset	600,515	601,550
Other	1,752,352	1,848,404
Allowance for doubtful accounts	(1,050)	(1,163)
Total investments and other assets	8,062,169	8,994,635
Total non-current assets	17,747,872	19,184,053
Total assets	54,930,106	57,603,719

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,494,662	2,461,311
Electronically recorded obligations - operating	2,943,807	3,445,065
Short-term borrowings	50,000	50,000
Current portion of long-term borrowings	345,000	485,000
Income taxes payable	458,091	714,899
Provision for bonuses	830,634	828,947
Provision for product warranties	168,907	153,954
Other	2,376,601	1,723,866
Total current liabilities	9,667,705	9,863,045
Non-current liabilities		
Long-term borrowings	447,500	1,122,500
Deferred tax liabilities	317,116	515,849
Provision for retirement benefits for directors (and other officers)	121,091	96,627
Retirement benefit liability	1,197,907	1,206,698
Other	147,763	137,339
Total non-current liabilities	2,231,377	3,079,015
Total liabilities	11,899,083	12,942,061
Net assets		
Shareholders' equity		
Share capital	1,460,000	1,460,000
Capital surplus	944,137	948,944
Retained earnings	36,087,293	36,722,749
Treasury shares	(332,651)	(322,131)
Total shareholders' equity	38,158,779	38,809,562
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,310,496	1,890,089
Foreign currency translation adjustment	561,280	866,799
Remeasurements of defined benefit plans	105,077	81,985
Total accumulated other comprehensive income	1,976,854	2,838,874
Non-controlling interests	2,895,387	3,013,221
Total net assets	43,031,022	44,661,658
Total liabilities and net assets	54,930,106	57,603,719

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	18,028,309	18,206,375
Cost of sales	9,448,070	9,670,650
Gross profit	8,580,238	8,535,725
Selling, general and administrative expenses	5,674,193	6,614,784
Operating profit	2,906,045	1,920,940
Non-operating income		
Interest income	12,983	4,395
Dividend income	42,131	46,245
Share of profit of entities accounted for using equity method	45,154	54,210
Foreign exchange gains	542,810	341,995
Other	52,139	57,611
Total non-operating income	695,219	504,458
Non-operating expenses		
Interest expenses	2,128	1,801
Other	2,531	941
Total non-operating expenses	4,660	2,743
Ordinary profit	3,596,605	2,422,655
Extraordinary income		
Gain on sale of non-current assets	–	369
Gain on sale of investment securities	9	–
Compensation income for damage	–	21,002
Total extraordinary income	9	21,372
Extraordinary losses		
Loss on retirement of non-current assets	966	1,753
Total extraordinary losses	966	1,753
Profit before income taxes	3,595,648	2,442,275
Income taxes	1,315,531	1,016,684
Profit	2,280,116	1,425,590
Profit attributable to non-controlling interests	331,132	209,874
Profit attributable to owners of parent	1,948,984	1,215,716

Consolidated statements of comprehensive income (cumulative)

	(Thousands of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	2,280,116	1,425,590
Other comprehensive income		
Valuation difference on available-for-sale securities	4,678	579,677
Foreign currency translation adjustment	441,285	295,215
Remeasurements of defined benefit plans, net of tax	(22,006)	(23,092)
Share of other comprehensive income of entities accounted for using equity method	87,356	38,206
Total other comprehensive income	511,314	890,007
Comprehensive income	2,791,431	2,315,597
Comprehensive income attributable to		
Owners of parent	2,424,397	2,077,735
Non-controlling interests	367,034	237,862

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	3,595,648	2,442,275
Depreciation	490,149	488,858
Loss (gain) on sale and retirement of property, plant and equipment	794	1,383
Loss (gain) on sale and retirement of intangible assets	172	–
Loss (gain) on sale of investment securities	(9)	–
Compensation income for damage	–	(21,002)
Amortization of goodwill	67,375	67,375
Increase (decrease) in allowance for doubtful accounts	7,031	25,095
Increase (decrease) in provision for bonuses	(21,369)	(7,757)
Increase (decrease) in provision for product warranties	7,459	(14,952)
Increase (decrease) in retirement benefit liability	(27,906)	(25,921)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(30,512)	(24,464)
Interest and dividend income	(55,114)	(50,641)
Interest expenses	2,128	1,801
Share of loss (profit) of entities accounted for using equity method	(45,154)	(54,210)
Decrease (increase) in trade receivables	1,321,383	438,090
Decrease (increase) in inventories	(1,607,224)	(1,506,173)
Increase (decrease) in trade payables	31,044	296,790
Other, net	(468,682)	(396,712)
Subtotal	3,267,212	1,659,833
Interest and dividends received	82,663	70,255
Interest paid	(2,134)	(1,357)
Compensation income for damage received	–	21,002
Income taxes paid	(1,546,030)	(749,201)
Net cash provided by (used in) operating activities	1,801,712	1,000,532
Cash flows from investing activities		
Purchase of property, plant and equipment	(519,865)	(1,363,102)
Proceeds from sale of property, plant and equipment	–	686
Purchase of intangible assets	(46,828)	(56,257)
Purchase of investment securities	(48,850)	(5,973)
Proceeds from sale of investment securities	10	–
Other, net	48,989	(194,963)
Net cash provided by (used in) investing activities	(566,544)	(1,619,610)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	1,000,000
Repayments of long-term borrowings	(205,000)	(185,000)
Purchase of treasury shares	(154)	–
Dividends paid	(456,408)	(578,936)
Dividends paid to non-controlling interests	(130,072)	(120,028)
Other, net	(4,030)	(9,386)
Net cash provided by (used in) financing activities	(795,665)	106,647
Effect of exchange rate change on cash and cash equivalents	632,904	345,267
Net increase (decrease) in cash and cash equivalents	1,072,406	(167,162)
Cash and cash equivalents at beginning of period	14,572,236	15,138,329
Cash and cash equivalents at end of period	15,644,643	14,971,167