

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

February 13, 2024

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: February 13, 2024
 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 nine months ended December 31, 2023 (from April 1, 2023 to December 31, 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	%
Nine months ended December 31, 2023	28,003	3.1	3,262	(27.4)	3,723	(26.0)	2,044	(29.3)
Nine months ended December 31, 2022	27,168	11.4	4,494	23.8	5,029	27.0	2,891	18.5

Note: Comprehensive income For the nine months ended December 30, 2023: ¥3,597 million [(2.1)%]
 For the nine months ended December 30, 2022: ¥3,674 million [32.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	165.55	–
Nine months ended December 31, 2022	234.31	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	58,349	45,943	73.4
As of March 31, 2023	54,930	43,031	73.1

Reference: Equity

As of December 31, 2023: ¥42,828 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		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 nine months ended December 31, 2023
 (changes in specified subsidiaries resulting in the change in scope of consolidation):
 Newly included: 1 company (TAIWAN NEW COSMOS ELECTRIC CO., LTD.)
 Excluded: None Yes
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
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|--|------|
| 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 December 31, 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 December 31, 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)

Nine months ended December 31, 2023	12,350,053 shares	Nine months ended December 31, 2022	12,342,442 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 December 31, 2023
Assets		
Current assets		
Cash and deposits	15,676,551	16,008,541
Notes and accounts receivable - trade	6,696,429	5,699,613
Electronically recorded monetary claims - operating	2,393,915	2,698,832
Merchandise and finished goods	3,747,581	3,395,834
Work in process	2,372,880	3,722,426
Raw materials and supplies	5,426,455	6,379,230
Other	931,009	946,875
Allowance for doubtful accounts	(62,590)	(71,173)
Total current assets	37,182,233	38,780,181
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,210,310	2,416,664
Machinery, equipment and vehicles, net	1,012,725	1,375,775
Land	3,143,957	3,143,957
Construction in progress	1,204,096	1,153,779
Other, net	674,169	634,401
Total property, plant and equipment	8,245,259	8,724,578
Intangible assets		
Goodwill	1,111,694	1,010,630
Software	172,509	206,448
Software in progress	52,480	48,715
Other	103,759	121,735
Total intangible assets	1,440,443	1,387,529
Investments and other assets		
Investment securities	5,294,188	6,544,619
Deferred tax assets	416,162	395,495
Retirement benefit asset	600,515	598,370
Other	1,752,352	1,920,215
Allowance for doubtful accounts	(1,050)	(1,163)
Total investments and other assets	8,062,169	9,457,538
Total non-current assets	17,747,872	19,569,646
Total assets	54,930,106	58,349,827

(Thousands of yen)

As of March 31, 2023

As of December 31, 2023

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,494,662	2,221,162
Electronically recorded obligations - operating	2,943,807	3,705,962
Short-term borrowings	50,000	50,000
Current portion of long-term borrowings	345,000	450,000
Income taxes payable	458,091	492,639
Provision for bonuses	830,634	402,376
Provision for product warranties	168,907	156,261
Other	2,376,601	1,838,965
Total current liabilities	9,667,705	9,317,368
Non-current liabilities		
Long-term borrowings	447,500	1,015,000
Deferred tax liabilities	317,116	609,512
Provision for retirement benefits for directors (and other officers)	121,091	99,587
Retirement benefit liability	1,197,907	1,208,258
Other	147,763	156,766
Total non-current liabilities	2,231,377	3,089,126
Total liabilities	11,899,083	12,406,494
Net assets		
Shareholders' equity		
Share capital	1,460,000	1,460,000
Capital surplus	944,137	948,944
Retained earnings	36,087,293	37,551,632
Treasury shares	(332,651)	(322,131)
Total shareholders' equity	38,158,779	39,638,445
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,310,496	2,146,934
Foreign currency translation adjustment	561,280	972,997
Remeasurements of defined benefit plans	105,077	70,439
Total accumulated other comprehensive income	1,976,854	3,190,371
Non-controlling interests	2,895,387	3,114,516
Total net assets	43,031,022	45,943,332
Total liabilities and net assets	54,930,106	58,349,827

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	27,168,313	28,003,780
Cost of sales	13,991,474	14,884,476
Gross profit	13,176,838	13,119,304
Selling, general and administrative expenses	8,682,284	9,856,727
Operating profit	4,494,553	3,262,576
Non-operating income		
Interest income	15,099	5,957
Dividend income	76,307	84,303
Share of profit of entities accounted for using equity method	85,813	94,488
Foreign exchange gains	293,649	202,141
Other	70,280	79,127
Total non-operating income	541,151	466,018
Non-operating expenses		
Interest expenses	3,049	3,784
Other	3,050	1,482
Total non-operating expenses	6,100	5,266
Ordinary profit	5,029,604	3,723,328
Extraordinary income		
Gain on sale of non-current assets	–	373
Gain on sale of investment securities	9	–
Gain on liquidation of subsidiaries and associates	34,080	–
Compensation income for damage	–	21,550
Total extraordinary income	34,090	21,923
Extraordinary losses		
Loss on retirement of non-current assets	1,622	1,960
Total extraordinary losses	1,622	1,960
Profit before income taxes	5,062,072	3,743,291
Income taxes	1,724,474	1,377,145
Profit	3,337,598	2,366,145
Profit attributable to non-controlling interests	445,699	321,546
Profit attributable to owners of parent	2,891,898	2,044,599

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	3,337,598	2,366,145
Other comprehensive income		
Valuation difference on available-for-sale securities	(143,002)	836,729
Foreign currency translation adjustment	426,014	369,653
Remeasurements of defined benefit plans, net of tax	(33,009)	(34,638)
Share of other comprehensive income of entities accounted for using equity method	86,984	59,382
Total other comprehensive income	336,986	1,231,126
Comprehensive income	3,674,584	3,597,272
Comprehensive income attributable to		
Owners of parent	3,208,487	3,258,115
Non-controlling interests	466,097	339,156

Consolidated statements of cash flows

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	5,062,072	3,743,291
Depreciation	758,022	789,987
Loss (gain) on sale and retirement of property, plant and equipment	1,450	1,586
Loss (gain) on sale and retirement of intangible assets	172	–
Loss (gain) on sale of investment securities	(9)	–
Loss (gain) on liquidation of subsidiaries and associates	(34,080)	–
Compensation income for damage	–	(21,550)
Amortization of goodwill	101,063	101,063
Increase (decrease) in allowance for doubtful accounts	6,619	8,475
Increase (decrease) in provision for bonuses	(398,244)	(437,723)
Increase (decrease) in provision for product warranties	7,827	(12,646)
Increase (decrease) in retirement benefit liability	(34,660)	(37,914)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(23,163)	(21,503)
Interest and dividend income	(91,407)	(90,261)
Interest expenses	3,049	3,784
Share of loss (profit) of entities accounted for using equity method	(85,813)	(94,488)
Decrease (increase) in trade receivables	1,325,988	815,361
Decrease (increase) in inventories	(2,732,781)	(1,857,697)
Increase (decrease) in trade payables	688,034	364,896
Other, net	(417,478)	(269,911)
Subtotal	4,136,661	2,984,751
Interest and dividends received	129,190	117,947
Interest paid	(3,053)	(3,343)
Compensation income for damage received	–	21,550
Income taxes paid	(2,443,870)	(1,365,570)
Net cash provided by (used in) operating activities	1,818,928	1,755,335
Cash flows from investing activities		
Purchase of property, plant and equipment	(907,834)	(1,634,541)
Proceeds from sale of property, plant and equipment	–	692
Purchase of intangible assets	(54,458)	(90,198)
Purchase of investment securities	(52,899)	(49,157)
Proceeds from sale of investment securities	10	–
Proceeds from liquidation of subsidiaries and associates	54,080	–
Other, net	31,848	(256,763)
Net cash provided by (used in) investing activities	(929,253)	(2,029,969)

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from financing activities		
Proceeds from long-term borrowings	–	1,000,000
Repayments of long-term borrowings	(307,500)	(327,500)
Purchase of treasury shares	(226)	–
Dividends paid	(456,545)	(579,093)
Dividends paid to non-controlling interests	(130,072)	(120,028)
Other, net	(5,559)	(16,213)
Net cash provided by (used in) financing activities	(899,903)	(42,835)
Effect of exchange rate change on cash and cash equivalents	576,096	373,173
Net increase (decrease) in cash and cash equivalents	565,867	55,704
Cash and cash equivalents at beginning of period	14,572,236	15,138,329
Cash and cash equivalents at end of period	15,138,104	15,194,033