

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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

February 9, 2024

Company name: IWATSU ELECTRIC CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6704 URL <https://www.iwatsu.co.jp>
 Representative: President Shogo Kimura
 Director & Executive Officer, General
 Inquiries: Hidenori Tokida TEL 03-5370-5111
 Manager of Management Division
 Scheduled date to file Quarterly Securities Report: February 13, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(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

	Revenue		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	14,992	(8.0)	(964)	–	(979)	–	(62)	–
Nine months ended December 31, 2022	16,288	–	(922)	–	(852)	–	(845)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	(5.96)	–
Nine months ended December 31, 2022	(84.94)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	45,507	29,261	61.3
As of March 31, 2023	35,304	24,152	68.4

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
Year ended March 31, 2023	–	0.00	–	0.00	0.00
Year ending March 31, 2024	–	0.00	–		
Year ending March 31, 2024 (Forecast)				25.00	25.00

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

Percentages indicate year-on-year changes

	Revenue		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	21,000	(8.3)	(400)	–	(400)	–	400	–	26.88

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): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
 - Changes in accounting policies due to other reasons: Yes
 - Changes in accounting estimates: No
 - Restatement of prior period financial statements: No

(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	14,980,344 shares	As of March 31, 2023	10,080,344 shares
-------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of December 31, 2023	100,126 shares	As of March 31, 2023	111,661 shares
-------------------------	----------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2023	10,522,645 shares	Nine months ended December 31, 2022	9,955,012 shares
-------------------------------------	-------------------	-------------------------------------	------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	4,890	7,653
Notes receivable - trade	386	347
Electronically recorded monetary claims - operating	567	688
Accounts receivable - trade	4,064	2,816
Merchandise and finished goods	1,830	1,802
Work in process	1,097	1,244
Raw materials and supplies	3,692	3,732
Other	337	438
Allowance for doubtful accounts	(1)	(1)
Total current assets	16,865	18,721
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,052	8,164
Land	9,963	15,049
Other, net	1,035	1,104
Total property, plant and equipment	16,051	24,318
Intangible assets		
Software	502	217
Other	45	45
Total intangible assets	548	263
Investments and other assets		
Investment securities	1,456	1,766
Other	414	468
Allowance for doubtful accounts	(31)	(31)
Total investments and other assets	1,838	2,204
Total non-current assets	18,438	26,785
Total assets	35,304	45,507

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,582	1,145
Short-term borrowings	80	110
Provision for bonuses	540	235
Provision for product warranties	76	69
Other	1,849	1,513
Total current liabilities	4,129	3,073
Non-current liabilities		
Long-term borrowings	35	6,028
Deferred tax liabilities	3,286	3,349
Provision for share awards	42	40
Retirement benefit liability	3,097	3,159
Other	560	595
Total non-current liabilities	7,022	13,172
Total liabilities	11,151	16,246
Net assets		
Shareholders' equity		
Share capital	6,025	7,882
Capital surplus	6,948	8,805
Retained earnings	10,523	10,460
Treasury shares	(112)	(103)
Total shareholders' equity	23,384	27,044
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	483	696
Foreign currency translation adjustment	124	–
Remeasurements of defined benefit plans	160	144
Total accumulated other comprehensive income	768	840
Non-controlling interests	–	1,375
Total net assets	24,152	29,261
Total liabilities and net assets	35,304	45,507

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Revenue	16,288	14,992
Cost of sales	11,513	10,351
Gross profit	4,775	4,641
Selling, general and administrative expenses	5,697	5,605
Operating loss	(922)	(964)
Non-operating income		
Interest income	16	5
Dividend income	48	59
Rental income from land and buildings	27	25
Other	37	17
Total non-operating income	130	107
Non-operating expenses		
Interest expenses	2	31
Foreign exchange losses	42	57
Other	16	33
Total non-operating expenses	60	122
Ordinary loss	(852)	(979)
Extraordinary income		
Gain on sale of investment securities	3	10
Gain on sale of shares of subsidiaries and associates	–	878
Subsidy income	14	–
Total extraordinary income	17	888
Loss before income taxes	(834)	(91)
Income taxes - current	27	33
Income taxes - deferred	(16)	(68)
Total income taxes	11	(34)
Loss	(845)	(56)
Profit attributable to non-controlling interests	–	5
Loss attributable to owners of parent	(845)	(62)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Loss	(845)	(56)
Other comprehensive income		
Valuation difference on available-for-sale securities	122	212
Foreign currency translation adjustment	113	(124)
Remeasurements of defined benefit plans, net of tax	(106)	(15)
Total other comprehensive income	129	72
Comprehensive income	(716)	15
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(716)	9
Comprehensive income attributable to non-controlling interests	–	5