

FY2021 First Half
Summary of Consolidated Financial Results
(Six Months ended September 30, 2021)

- Consolidated sales were increased by 1.0% year on year to ¥36.1 Billion. Operating income declined by 39.9% to ¥0.46 Billion. Net loss attributable to owners of parent were ¥0.24 billion in contrast to ¥0.20 Billion in loss in the previous first half.
- In Japan, sales of smart meters were slightly increased while sales of smart locks, which recorded good shipments in the previous first half, decreased year on year. Profits decreased year on year, due to sales decrease as well as intensified price competition of smart meters and a rise in raw material prices.
- In the overseas, while orders for Iraq (Kurdistan Regional Government) declined from the temporal increase in orders in the same period of the previous fiscal year, shipments to Oceania and UK increased compared to the previous first half where shipments were restricted from the spread of COVID-19. All in all, sales and profits increased year on year.

1. Consolidated Financial Results

(Millions of yen)

| | FY2020 1H | FY2021 1H | YoY Change | |
|---|-----------|-----------|------------|---------|
| | | | Amount | % |
| Net sales | 35,734 | 36,087 | 353 | +1.0% |
| Smart meters & solutions in Japan | 22,308 | 21,405 | (903) | (4.0)% |
| Smart meters & solutions overseas | 12,916 | 14,613 | 1,697 | +13.1% |
| Production equipment | 627 | 337 | (290) | (46.3)% |
| Real estate | 275 | 277 | 1 | +0.7% |
| Adjustment | (393) | (546) | (152) | — |
| Gross profit | 8,044 | 7,878 | (165) | (2.1)% |
| Ratio to sales | 22.5% | 21.8% | | (0.7)pt |
| SG & A expenses | 7,277 | 7,417 | 140 | +1.9% |
| Ratio to sales | 20.4% | 20.6% | | +0.2pt |
| Operating income | 767 | 461 | (306) | (39.9)% |
| Ratio to sales | 2.1% | 1.3% | | (0.8)pt |
| Smart meters & solutions in Japan | 948 | 366 | (581) | (61.3)% |
| Smart meters & solutions overseas | (224) | 118 | 343 | — |
| Production equipment | (94) | (162) | (67) | — |
| Real estate | 138 | 139 | 0 | +0.6% |
| Adjustment | 0 | (0) | (1) | — |
| Ordinary income | 744 | 531 | (213) | (28.7)% |
| Profit attributable to owners of parent | (202) | (236) | (34) | — |
| Net income per share (yen) | (4.14) | (4.83) | (0.69) | — |

* "Production equipment" and "Real estate" which were previously included in "Others," have been reclassified as reporting segments due to an increase in their quantitative materiality.

2. Consolidated Sales by Region (Excluding intercompany sales)

(Millions of yen)

| | FY2020 1H | FY2021 1H | YoY Change | |
|------------------------|-----------|-----------|------------|---------|
| | | | Amount | % |
| Japan | 23,130 | 21,927 | (1,202) | (5.2)% |
| Overseas | 12,603 | 14,159 | 1,556 | +12.3% |
| Oceania | 4,116 | 5,093 | 977 | +23.7% |
| Europe | 4,181 | 5,750 | 1,569 | +37.5% |
| Asia | 2,164 | 2,737 | 572 | +26.5% |
| Middle East and others | 2,141 | 578 | (1,563) | (73.0)% |
| Total | 35,734 | 36,087 | 353 | +1.0% |

| | | |
|-----------------------|-------------|-------------|
| Average exchange rate | ¥108.23/USD | ¥107.82/USD |
|-----------------------|-------------|-------------|

*Calculations are based on the annual securities report.

3. Sales by product and service (Excluding intercompany sales)

(1) Smart meters & solutions in Japan

(Millions of yen)

| | FY2020 1H | FY2021 1H | YoY Change | |
|-----------------------------------|-----------|-----------|------------|---------|
| | | | Amount | % |
| Meters | 11,037 | 11,301 | 264 | +2.4% |
| Monitor Control(**) | 1,837 | 1,380 | (457) | (24.9)% |
| Switchgears | 3,097 | 2,839 | (258) | (8.3)% |
| VCTs | 2,108 | 1,940 | (168) | (8.0)% |
| Others (including adjustments) | 4,216 | 3,931 | (285) | (6.8)% |
| Total | 22,296 | 21,393 | (903) | (4.1)% |

*Referential figures based on managerial accounting

** Monitor Control: Energy management systems, smart locks, etc.

(2) Smart meters & solutions overseas

(Millions of yen)

| | FY2020 1H | FY2021 1H | YoY Change | |
|---------------------|-----------|-----------|------------|--------|
| | | | Amount | % |
| Meters | 8,496 | 8,913 | 417 | +4.9% |
| Monitor Control(**) | 4,091 | 5,236 | 1,145 | +28.0% |
| Total | 12,587 | 14,149 | 1,562 | +12.4% |

*Referential figures based on managerial accounting

** Monitor Control: Meter related systems, communications hubs, etc.

4. R&D expenditures, Depreciation, Capital expenditures

(Millions of yen)

| | FY2020 1H | FY2021 1H | YoY Change | |
|----------------------|-----------|-----------|------------|--------|
| | | | Amount | % |
| R&D expenditures | 1,496 | 1,517 | 21 | +1.4% |
| Depreciation | 1,330 | 1,221 | (109) | (8.2)% |
| Capital expenditures | 771 | 872 | 101 | +13.1% |

5. FY2021 Consolidated Forecast

Electronic component shortages have been hindering smart meter business, which is the main business both in Japan and overseas. While our Group puts its best effort to minimize the impact, we expect significant procurement risk from prolonged electronic component shortages. Because it is difficult to reasonably accumulate the degree of financial impact at the moment, the Company regrets to forego the notice of revised financial forecasts for the fiscal year ending March 31, 2022. We will announce the forecast upon reasonable calculation.

(Millions of yen)

| | Full-year | | |
|---|----------------|--------------------------|-------------------------|
| | FY2020 Results | FY2021 Initial Forecasts | FY2021 Revised Forecast |
| Net sales | 76,255 | 83,000 | — |
| Operating income | 2,684 | 3,500 | — |
| Ordinary income | 2,888 | 3,300 | — |
| Profit attributable to owners of parent | 482 | 3,000 | — |

- Forward-looking statements made in this material is based on management's estimates, assumptions and projections at the time of publication and do not represent a commitment that they will be achieved. A number of factors could cause actual results to differ materially from expectations.
- All amounts are in millions of yen rounded down unless otherwise stated.

Financial data (Excel/PDF) are available on our website (<https://www.osaki.co.jp/en/ir/finance/financialdata.html>).