

## Summary of FY2021 Consolidated Financial Results

(12 Months ended March 2022)

- Consolidated sales were decreased by 0.1% year on year to ¥76.2 Billion. Operating income declined by 52.4% to ¥1.28 Billion. Net loss attributable to owners of parent were ¥0.66 billion in contrast to ¥0.48 Billion in profit in the previous fiscal year.
- In Japan, sales of smart meters decreased, in addition to lower sales of smart locks for rental property which recorded good shipments in the previous fiscal year. Profits decreased year on year, due to sales decrease as well as lower profitability caused by a rise in raw material prices.
- In the overseas, shipments to Oceania and UK increased compared to the previous fiscal year where shipments were restricted from the spread of COVID-19. Sales for Iraq (Kurdistan Regional Government), which pushed up the sales in the previous year declined with its demand subsided. All in all, sales and profits increased year on year.

### 1. Consolidated Financial Results

(Millions of yen)

	FY2020	FY2021	YoY Change	
			Amount	%
<b>Net sales</b>	76,255	76,184	(71)	(0.1)%
Smart meters & solutions in Japan	48,193	46,006	(2,186)	(4.5)%
Smart meters & solutions overseas	27,301	30,068	2,766	+10.1%
Production equipment	960	692	(268)	(27.9)%
Real estate	553	553	0	+0.1%
Adjustment	(753)	(1,137)	(384)	—
Gross profit	17,342	16,375	(967)	(5.6)%
Ratio to sales	22.7%	21.5%		(1.2)pt
SG & A expenses	14,657	15,097	440	+3.0%
Ratio to sales	19.2%	19.8%		+0.6pt
<b>Operating income</b>	2,684	1,277	(1,407)	(52.4)%
Ratio to sales	3.5%	1.7%		(1.8)pt
Smart meters & solutions in Japan	3,136	1,225	(1,910)	(60.9)%
Smart meters & solutions overseas	(467)	58	525	—
Production equipment	(264)	(282)	(17)	—
Real estate	270	271	0	+0.2%
Adjustment	9	4	(5)	(54.6)%
Ordinary income	2,888	1,189	(1,698)	(58.8)%
Profit attributable to owners of parent	482	(658)	(1,140)	—
Net income per share (yen)	9.84	(13.42)	(23.26)	—
ROE	1.0%	(1.4)%	—	(2.4)pt

\* "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. Revenue by Business Portfolio (Excluding intercompany sales)

### (1) Smart meters & solutions in Japan

(Millions of yen)

	FY2018	FY2019	FY2020	FY2021	YoY Change		FY2022 Forecast	Full-year Forecast YoY Change	
					Amount	%		Amount	%
Smart meter business	41,274	35,886	32,016	29,425	(2,590)	(8.1)%	32,000	2,574	+8.7%
Solution Business	9,408	10,006	10,510	10,531	20	+0.2%	11,500	968	+9.2%
Switchgear Business	5,568	5,926	5,641	6,025	383	+6.8%	6,500	474	+7.9%
Total	56,251	51,819	48,169	45,983	(2,185)	(4.5)%	50,000	4,016	+8.7%

\*Referential figures based on managerial accounting.

Smart meter business: Sale of smart meters and measurement and control equipment including smart meter peripheral devices for power companies.

Solution business: Provide services and products and deliver solutions to customers (other than power companies)

Switchgear business: Sale of switchgears

### (2) Smart meters & solutions overseas

(Millions of yen)

	FY2018	FY2019	FY2020	FY2021	YoY Change		FY2022 Forecast	Full-year Forecast YoY Change	
					Amount	%		Amount	%
Oceania	9,522	9,422	9,154	10,642	1,487	+16.3%	12,000	1,357	+12.8%
Europe	4,422	9,544	8,938	11,339	2,401	+26.9%	10,000	(1,339)	(11.8)%
Asia	6,713	8,753	4,882	6,041	1,158	+23.7%	4,200	(1,841)	(30.5)%
Middle East and others	3,295	8,770	3,703	1,071	(2,631)	(71.1)%	1,800	728	+67.9%
Total	23,952	36,490	26,678	29,095	2,416	+9.1%	28,000	(1,095)	(3.8)%

Average Exchange rate	¥110.43 /USD	¥109.05 /USD	¥106.76 /USD	¥109.90 /USD
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¥116.34/USD (assumption)
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\*Calculations are based on the annual securities report.

## 3. R&D expenditures, Depreciation, Capital expenditure

(Millions of yen)

	FY2020	FY2021	YoY Change		FY2022 Forecast	Full-year Forecast YoY Change	
			Amount	%		Amount	%
R&D expenditures	2,900	3,043	143	+5.0%	3,300	256	+8.4%
Depreciation	2,749	2,536	(213)	(7.8)%	2,500	(36)	(1.4)%
Capital expenditures	2,012	2,794	781	+38.8%	2,600	(194)	(6.9)%

#### 4. FY2022 Consolidated Forecast

(Millions of yen)

	1H		YoY Change		Full-year		YoY Change	
	FY2021	FY2022 Forecast	Amount	%	FY2021	FY2022 Forecast	Amount	%
<b>Net sales</b>	36,087	39,000	2,912	+8.1%	76,184	80,000	3,815	+5.0%
Smart meters & solutions in Japan	21,405	23,500	2,094	+9.8%	46,006	50,000	3,993	+8.7%
Smart meters & solutions overseas	14,613	14,900	286	+2.0%	30,068	29,000	(1,068)	(3.6)%
Others	614	1,050	435	+70.8%	1,246	2,100	853	+68.5%
Adjustment	(546)	(450)	96	–	(1,137)	(1,100)	37	–
<b>Operating income</b>	461	(200)	(661)	–	1,277	1,000	(277)	(21.7)%
Smart meters & solutions in Japan	366	100	(266)	(72.7)%	1,225	1,500	274	+22.4%
Smart meters & solutions overseas	118	(400)	(518)	–	58	(700)	(758)	–
Others	(23)	100	123	–	(11)	200	211	–
Adjustment	(0)	–	0	–	4	–	(4)	(100.0)%
<b>Ordinary income</b>	531	(150)	(681)	–	1,189	1,100	(89)	(7.5)%
Profit attributable to owners of parent	(236)	1,300	1,536	–	(658)	1,500	2,158	–

- Sales of Smart meters & solutions in Japan are expected to increase due to a recovery in smart meter sales, which were negatively impacted from a worldwide shortage of electronic components, and an increase in sales of energy management system and services, which were affected by the spread of COVID-19 virus. Profits are expected to increase, although limited in amount. This is due to an anticipated raise in material costs, including non-iron metals, despite an expected increase in sales.
- As for Smart meters & solutions overseas, Oceania is expected to show steady growth. However, overall sales are expected to decrease due mainly to a decrease in shipments to U.K. from difficulty to procure electronic components. Profits are expected to decline from sales decrease and anticipated raise in material costs and shipping expenses.
- Profit attributable to owners of parent include extra gain from sale of overseas subsidiary.

## 5. FY2022-2026 Mid-term Management Plan

	FY2022 Forecast	FY2023 Outlook	FY2024 Outlook	(Millions of yen) FY2026 Mid-term Target
Net sales	80,000	83,000	85,000	
Japan (**)	52,000	52,000	52,500	
Overseas	28,000	31,000	32,500	
Operating income	1,000	2,800	4,000	
Japan (**)	1,700	2,400	2,400	
Overseas	(700)	400	1,600	
Ordinary income	1,100	2,900	4,100	
Profit attributable to owners of parent	1,500	1,600	2,600	
ROE	3.5%	3.5%	5.5%	8.0% (or higher)

\* Break down of Net Sales are external sales.

\*\* Japan includes "Smart meters & solutions in Japan" and "Others".

## 6. Shareholder Return

- The Company sets basic policy to carry out the continual distribution of a steady dividend to shareholders, while providing additional performance-based dividends.
- The basic policy states that the amount distributed will be based on higher of either a dividend payout ratio of 30% or 2% of DOE (dividend on equity).
- The year-end dividend outlook for the current year is 10 yen per share, and annual dividends of 20 yen.
- For the next fiscal year, the Company plans to pay an interim dividend of 10 yen per share and 10 yen of year-end dividend, resulting in annual dividends of 20 yen, the same as the current year.

	Dividend per share			Total amount of dividends	Consolidated payout ratio
	Interim	Year-end	Annual		
FY2020	10 yen	10 yen	20 yen	980 million yen	203.3%
<b>FY2021</b>	10 yen	10 yen	20 yen	974 million yen	—
<b>FY2022 Forecast</b>	10 yen	10 yen	20 yen		62.6%

- 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>).