

FY2020 First Half
Summary of Consolidated Financial Results
(Six Months ended September 2020)

- Consolidated sales were down by 18.0% year on year to ¥35.7 billion. Operating income declined by 62.2% to ¥0.8 billion. Net loss attributable to owners of parent were ¥0.2 billion in contrast to ¥0.8 billion in profit in the previous first half.
- In Japan, sales and profit declined mainly due to the expansion of COVID-19 virus infection in the midst of the peak out period in demand for smart meters, which led to the postponement of orders from customers.
- In the overseas, installation of smart meters was stagnant due to lockdowns associated with the spread of COVID-19 virus. Shipments to Oceania and Asia declined, and the UK project, which had been expected to expand, remained at the same level as in the same period in the previous fiscal year. Orders for Iraq (Kurdistan Regional Government) and Cambodia projects, which recorded a temporary increase in orders in the same period of the previous fiscal year, declined year on year. As a result, sales and profits declined.

1. Consolidated Financial Results

	(Millions of yen)				
	FY2019 1H	FY2020 1H	YoY Change		FY2020 Full-year Forecasts (*)
			Amount	%	
Net sales	43,580	35,734	(7,846)	(18.0)%	80,000
Smart meters & solutions in Japan	24,152	22,308	(1,843)	(7.6)%	48,200
Smart meters & solutions overseas	19,050	12,916	(6,134)	(32.2)%	30,000
Others	932	903	(29)	(3.2)%	1,800
Adjustment	(555)	(393)	162	—	—
Gross profit	9,947	8,044	(1,903)	(19.1)%	17,100
Ratio to sales	22.8%	22.5%		(0.3)pt	21.4%
SG & A expenses	7,914	7,277	(637)	(8.1)%	15,600
Ratio to sales	18.2%	20.4%		+2.2pt	19.5%
Operating income	2,033	767	(1,265)	(62.2)%	1,500
Ratio to sales	4.7%	2.1%		(2.6)pt	1.9%
Smart meters & solutions in Japan	1,327	948	(379)	(28.6)%	1,300
Smart meters & solutions overseas	561	(224)	(786)	—	0
Others	135	43	(91)	(67.8)%	200
Adjustment	8	0	(7)	(89.6)%	—
Ordinary income	1,946	744	(1,201)	(61.7)%	1,600
Profit attributable to owners of parent	845	(202)	(1,047)	—	100
Net income per share (yen)	17.28	(4.14)	(21.42)	—	2.04
Estimated impact from the COVID-19 epidemic (Included in the table above of Fiscal 2020 Forecasts)					
Net sales		(5,600)			(12,000)
Smart meters & solutions in Japan		(1,200)			(2,000)
Smart meters & solutions overseas		(4,400)			(10,000)
Operating income		(800)			(2,700)
Smart meters & solutions in Japan		(100)			(700)
Smart meters & solutions overseas		(700)			(2,000)

* The Full-year Forecasts are based on the initial plan announced on May 27, 2020 because of uncertainty in the market environment due to the lack of a convergence outlook for COVID-19 virus.

2. Consolidated Sales by Region (Excluding intercompany sales)

(Millions of yen)

	FY2019 1H	FY2020 1H	YoY Change		FY2020 Full-year Forecasts (*2)
			Amount	%	
Japan	24,915	23,130	(1,784)	(7.2)%	50,000
Overseas	18,665	12,603	(6,061)	(32.5)%	30,000
Oceania	5,021	4,116	(905)	(18.0)%	8,500
Europe	4,454	4,181	(273)	(6.1)%	10,500
Asia	4,706	2,164	(2,542)	(54.0)%	6,500
Middle East and others	4,482	2,141	(2,340)	(52.2)%	4,500
Total	43,580	35,734	(7,846)	(18.0)%	80,000

Average exchange rate	¥110.05/USD	¥108.23/USD
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*1 The figures above are calculated based on customer locations and may not match the figures on Table 1. Consolidated Financial Results.

*2 The Full-year Forecasts are based on the initial plan announced on May 27, 2020 because of uncertainty in the market environment due to the lack of a convergence outlook for COVID-19 virus.

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

(1) Smart meters & solutions in Japan

(Millions of yen)

	FY2019 1H	FY2020 1H	YoY Change	
			Amount	%
Meters	12,671	11,037	(1,634)	(12.9)%
Monitor Control	1,273	1,837	564	+44.3%
Switchgears	2,957	3,097	140	+4.7%
VCTs	2,291	2,108	(183)	(8.0)%
Others (including adjustments)	4,946	4,216	(730)	(14.8)%
Total	24,140	22,296	(1,844)	(7.6)%

*Referential figures based on managerial accounting

(2) Smart meters & solutions overseas

(Millions of yen)

	FY2019 1H	FY2020 1H	YoY Change	
			Amount	%
Meters	12,774	8,496	(4,278)	(33.5)%
Monitor Control	5,818	4,091	(1,727)	(29.7)%
Total	18,593	12,587	(6,006)	(32.3)%

*Referential figures based on managerial accounting

4. R&D expenditures, Depreciation, Capital expenditures

(Millions of yen)

	FY2019 1H	FY2020 1H	YoY Change		FY2020 Full-year Forecasts (※)
			Amount	%	
R&D expenditures	1,534	1,496	(38)	(2.5)%	3,200
Depreciation	1,356	1,330	(26)	(1.9)%	2,700
Capital expenditures	1,125	771	(354)	(31.5)%	2,800

* The Full-year Forecasts are based on the initial plan announced on May 27, 2020 because of uncertainty in the market environment due to the lack of a convergence outlook for COVID-19 virus.

5. FY2020 Consolidated Forecast

The consolidated Full Year forecasts are not changed from the plan announced on May 27, 2020 because of uncertainty in the market environment due to the lack of prospects for convergence of COVID-19 virus.

(Millions of yen)

	Full-year		
	FY2019 Results	FY2020 Forecasts	YoY
Net sales	90,069	80,000	(10,069)
Operating income	3,691	1,500	(2,191)
Ordinary income	3,544	1,600	(1,944)
Profit attributable to owners of parent	1,197	100	(1,097)

- 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>).