

FY2021 Third Quarter
 Summary of Consolidated Financial Results
 (Nine Months ended December 2022)

- Consolidated sales were increased by 0.3% year on year to ¥53.8 Billion. Operating income declined by 52.4% to ¥0.79 Billion. Net loss attributable to owners of parent were ¥0.48 billion in contrast to ¥0.06 Billion in profit in the previous third quarter.
- In Japan, sales of smart meters decreased, in addition to lower sales of smart locks for rental property which recorded good shipments in the corresponding period of the previous 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 corresponding period in 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 3Q	FY2021 3Q	YoY Change	
			Amount	%
Net sales	53,597	53,755	157	+0.3%
Smart meters & solutions in Japan	33,804	32,248	(1,555)	(4.6)%
Smart meters & solutions overseas	19,033	21,395	2,362	+12.4%
Production equipment	860	547	(313)	(36.4)%
Real estate	412	415	3	+0.7%
Adjustment	(514)	(852)	(338)	—
Gross profit	12,494	11,967	(526)	(4.2)%
Ratio to sales	23.3%	22.3%		(1.0)pt
SG & A expenses	10,834	11,177	342	+3.2%
Ratio to sales	20.2%	20.8%		0.6pt
Operating income	1,660	790	(869)	(52.4)%
Ratio to sales	3.1%	1.5%		(1.6)pt
Smart meters & solutions in Japan	1,835	835	(1,000)	(54.5)%
Smart meters & solutions overseas	(180)	23	204	—
Production equipment	(177)	(229)	(52)	—
Real estate	200	211	11	+5.8%
Adjustment	(17)	(50)	(33)	—
Ordinary income	1,786	808	(977)	(54.7)%
Profit attributable to owners of parent	62	(484)	(547)	—
Net income per share (yen)	1.27	(9.88)	(11.15)	—

* "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 3Q	FY2021 3Q	YoY Change		Full-year Revised Forecasts
			Amount	%	
Japan	35,049	33,074	(1,975)	(5.6)%	46,000
Overseas	18,547	20,680	2,133	+11.5%	29,000
Oceania	6,201	7,816	1,615	+26.0%	10,700
Europe	5,848	7,963	2,115	+36.2%	11,300
Asia	3,264	4,067	803	+24.6%	5,900
Middle East and others	3,232	832	(2,400)	(74.3)%	1,100
Total	53,597	53,755	157	+0.3%	75,000
Average exchange rate	¥107.55/USD	¥108.58/USD			¥109.90/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 3Q	FY2021 3Q	YoY Change	
			Amount	%
Meters	16,759	16,277	(482)	(2.9)%
Monitor Control(**)	2,691	1,994	(697)	(25.9)%
Switchgears	4,781	4,516	(265)	(5.5)%
VCTs	3,090	2,971	(119)	(3.9)%
Others (including adjustments)	6,463	6,471	8	+0.1%
Total	33,785	32,230	(1,555)	(4.6)%

*Referential figures based on managerial accounting

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

(2) Smart meters & solutions overseas

(Millions of yen)

	FY2020 3Q	FY2021 3Q	YoY Change	
			Amount	%
Meters	12,665	13,020	355	+2.8%
Monitor Control(**)	5,951	7,647	1,696	+28.5%
Total	18,617	20,668	2,051	+11.0%

*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 3Q	FY2021 3Q	YoY Change	
			Amount	%
R&D expenditures	2,227	2,341	114	+5.1%
Depreciation	2,024	1,870	(154)	(7.6)%
Capital expenditures	1,164	1,701	536	+46.1%

5. FY2021 Consolidated Forecast

Osaki announces the revisions made to the financial forecasts for the fiscal year ending March 31, 2022 as following. To note, the Company announced its decision to forego the previous consolidated financial forecasts for fiscal year 2021 on November 2, 2021.

(Millions of yen)

	Full-year				
	FY2020 Results	FY2021 Initial Forecast (A)	FY2021 Revised Forecast (B)	Difference(B-A)	
				Amount	%
Net sales	76,255	83,000	75,000	(8,000)	(9.6)%
Operating income	2,684	3,500	700	(2,800)	(80.0)%
Ordinary income	2,888	3,300	600	(2,700)	(81.8)%
Profit attributable to owners of parent	482	3,000	(900)	(3,900)	—

- Osaki expects that the worldwide shortage of electronic component used in smart meters will prolong into the fourth quarter of fiscal year 2021, affecting our worldwide businesses.
- In Japan, sales of energy management system and smart locks for rental properties are expected to remain sluggish due to impact from the spread of COVID-19 virus.
- Rise of component prices worldwide is expected to lower our profitability.
- Recording of an extraordinary gain from sale of a subsidiary in the amount of 1.68 billion yen, which was included in the initial forecasts, is now expected in the next fiscal year.

(Millions of yen)

	Full-year				
	FY2020 Results	FY2021 Initial Forecast (A)	FY2021 Revised Forecast (B)	Difference(B-A)	
				Amount	%
Net sales	76,255	83,000	75,000	(8,000)	(9.6)%
Smart meters & solutions in Japan	48,193	49,700	44,850	(4,850)	(9.8)%
Smart meters & solutions overseas	27,301	32,500	30,000	(2,500)	(7.7)%
Production equipment	960	850	700	(150)	(17.6)%
Real estate	553	550	550	—	—
Adjustment	(753)	(600)	(1,100)	(500)	—
Operating income	2,684	3,500	700	(2,800)	(80.0)%
Smart meters & solutions in Japan	3,136	2,500	700	(1,800)	(72.0)%
Smart meters & solutions overseas	(467)	1,000	50	(950)	(95.0)%
Production equipment	(264)	(250)	(300)	(50)	—
Real estate	270	250	250	—	—
Adjustment	9	—	—	—	—
Ordinary income	2,888	3,300	600	(2,700)	(81.8)%
Profit attributable to owners of parent	482	3,000	(900)	(3,900)	—

- 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>).