

FY2022 First Half
Summary of Consolidated Financial Results
(Six Months ended September 30, 2022)

- Consolidated sales increased by 9.6% in the amount of 39.6 billion yen from the previous fiscal year. Operating income was 0.54 billion yen which increased by 16.0%. Net income attributable to owners of parent was 1.04 billion yen compared to a loss of 0.24 billion yen in the previous fiscal year, including an extraordinary income for the sale of subsidiaries in Japan and overseas.
- In smart meters & solutions in Japan, sales of smart meters, solutions and switch gears increased and profits expanded accordingly.
- In smart meters & solutions overseas, while shipments to Oceania showed steady growth, shipments to UK decreased due to electronic component shortages, resulting in flat sales. Profits decreased due to a hike in material costs, marking an operating loss.

1. Consolidated Financial Results

(Millions of yen)

	FY2021 1H	FY2022 1H	YoY Change	
			Amount	%
Net sales	36,087	39,562	3,475	+9.6%
Smart meters & solutions in Japan	21,405	24,276	2,871	+13.4%
Smart meters & solutions overseas	14,613	14,647	33	+0.2%
Production equipment	337	761	424	+125.8%
Real estate	277	282	5	+1.9%
Adjustment	(546)	(405)	140	—
Gross profit	7,878	8,244	365	+4.6%
Ratio to sales	21.8%	20.8%		(1.0)pt
SG & A expenses	7,417	7,708	291	+3.9%
Ratio to sales	20.6%	19.5%		(1.1)pt
Operating income	461	535	73	+16.0%
Ratio to sales	1.3%	1.4%		(0.1)pt
Smart meters & solutions in Japan	366	1,163	796	+217.4%
Smart meters & solutions overseas	118	(777)	(895)	—
Production equipment	(162)	9	171	—
Real estate	139	141	2	+1.6%
Adjustment	(0)	(1)	(1)	—
Ordinary income	531	348	(182)	(34.4)%
Profit attributable to owners of parent	(236)	1,041	1,278	—
Net income per share (yen)	(4.83)	21.83	26.66	—

2. Revenue by Business Portfolio (Excluding intercompany sales)

(1) Smart meters & solutions in Japan

(Millions of yen)

	FY2021 1H	FY2022 1H	YoY Change		Full-year Forecasts
			Amount	%	
Smart meter business	15,079	16,132	1,053	+7.0%	32,000
Solution business	4,240	5,313	1,073	+25.3%	10,500
Switchgear business	2,073	2,818	745	+36.0%	6,500
Total	21,393	24,265	2,872	+13.4%	49,000

*Referential figures are 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: Providing services and products and delivering solutions to customers (other than power companies)

Switchgear business: Sale of switchgears

(2) Smart meters & solutions overseas

(Millions of yen)

	FY2021 1H	FY2022 1H	YoY Change		Full-year Forecasts
			Amount	%	
Oceania	5,093	6,002	908	+17.8%	14,000
Europe	5,743	4,688	(1,054)	(18.4)%	9,500
Asia	2,734	2,822	87	+3.2%	4,900
Middle East and others	578	793	215	+37.2%	1,400
Total	14,149	14,307	157	+1.1%	29,800

Average exchange rate	¥107.82/USD	¥123.14/USD
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*Calculations on each region are based on the annual securities report.

3. R&D Expenditures, Depreciation, Capital expenditures

(Millions of yen)

	FY2021 1H	FY2022 1H	YoY Change		Full-year Forecasts
			Amount	%	
R&D expenditures	1,517	1,528	10	+0.7%	3,300
Depreciation	1,221	1,279	58	+4.8%	2,500
Capital expenditures	872	720	(152)	(17.5)%	2,600

4. FY2022 Consolidated Forecast

For the financial year ending March 31, 2023, no change was made to the forecasts previously announced on August 25, 2022. The Company anticipates higher material costs in Japan while electronic component shortages continue to impact overseas business into the latter half of the fiscal year.

(Millions of yen)

	Full-year			Difference (B – A)	
	FY2021	FY2022 Initial Forecast	FY2022 Revised Forecast	Amount	%
Net sales	76,184	80,000	80,000	–	–
Smart meters & solutions in Japan	46,006	50,000	49,000	(1,000)	(2.0)%
Smart meters & solutions overseas	30,068	29,000	30,800	1,800	+6.2%
Others	1,246	2,100	1,300	(800)	(38.1)%
Adjustment	(1,137)	(1,100)	(1,100)	–	–
Operating income	1,277	1,000	1,000	–	–
Smart meters & solutions in Japan	1,225	1,500	1,800	300	+20.0%
Smart meters & solutions overseas	58	(700)	(1,100)	(400)	–
Others	(11)	200	300	100	+50.0%
Adjustment	4	–	–	–	–
Ordinary income	1,189	1,100	1,100	–	–
Profit attributable to owners of parent	(658)	1,500	920	(580)	(38.7)%

- Forward-looking statements made in this material are based on the 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 may cause the actual results to differ materially from the forecasts.
- All amounts are in millions of yen and rounded down, unless otherwise stated.

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