

Summary of FY2023 Consolidated Financial Results

(12 Months ended March 2024)

- Consolidated net sales: 95.1 billion yen (YoY +6.6%), Operating income: 5.9 billion yen (+163.8%), Profit attributable to owners of parent: 2.4 billion yen (+82.4%)
- Net sales for Smart meters & solutions in Japan increased year on year with higher sales in the Switchgear Business even though a trough in demand pending the introduction of the second-generation smart meter caused sales in the Smart Meter Business to decrease slightly. Operating income increased with temporary changes in the product mix, etc.
- For Smart meters & solutions overseas, sales increased year on year with an increase in shipments to UK enabled by an upturn in the electronic materials procurement environment and an increase in shipments to Oceania.
Operating income increased with the higher sales and setting of electronic materials prices, which had soared previously.

1. Consolidated Financial Results

(Millions of yen)				
	FY2022	FY2023	YoY Change	
			Amount	%
Net sales	89,253	95,147	5,894	+6.6%
Smart meters & solutions in Japan	54,427	55,266	838	+1.5%
Smart meters & solutions overseas	34,613	40,693	6,079	+17.6%
Production equipment	761	—	(761)	—
Real estate	571	572	0	+0.1%
Adjustment	(1,121)	(1,384)	(262)	—
Gross profit	17,964	22,605	4,640	+25.8%
Ratio to sales	20.1%	23.8%		+3.6pt
SG & A expenses	15,737	16,730	993	+6.3%
Ratio to sales	17.6%	17.6%		(0.0) pt
Operating income	2,226	5,874	3,647	+163.8%
Ratio to sales	2.5%	6.2%		+3.7pt
Smart meters & solutions in Japan	3,816	4,451	635	+16.7%
Smart meters & solutions overseas	(1,886)	1,155	3,041	—
Production equipment	9	—	(9)	—
Real estate	295	277	(17)	(5.9) %
Adjustment	(7)	(9)	(2)	—
Ordinary income	1,885	5,488	3,603	+191.2%
Profit attributable to owners of parent	1,319	2,407	1,087	+82.4%
Net income per share (yen)	27.86	51.36	23.50	—
ROE	2.9%	5.0%	—	+2.1pt

2. Revenue by Business Portfolio (Excluding intercompany sales)

(1) Smart meters & solutions in Japan

(Millions of yen)

	FY2020	FY2021	FY2022	FY2023	YoY Change		FY2024 Forecast	Full-year Forecast YoY Change	
					Amount	%		Amount	%
Smart meter business	32,016	29,425	35,153	34,966	(187)	(0.5) %	32,500	(2,466)	(7.1) %
Solution Business	10,510	10,531	12,214	12,104	(110)	(0.9) %	13,000	895	+7.4%
Switchgear Business	5,641	6,025	7,037	8,173	1,136	+16.1%	8,000	(173)	(2.1) %
Total	48,169	45,983	54,406	55,244	838	+1.5%	53,500	(1,744)	(3.2) %

*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

Starting in FY2023 2Q, the reporting methods have been partially changed to reflect current sales conditions. Consequently, the figures for FY2022 have retroactively applied this method also.

(2) Smart meters & solutions overseas

(Millions of yen)

	FY2020	FY2021	FY2022	FY2023	YoY Change		FY2024 Forecast	Full-year Forecast YoY Change	
					Amount	%		Amount	%
Oceania	9,154	10,642	15,628	16,966	1,337	+8.6%	17,500	533	+3.1%
Europe	8,938	11,339	10,129	15,783	5,653	+55.8%	12,000	(3,783)	(24.0) %
Asia	4,882	6,041	5,800	5,049	(751)	(13.0) %	3,500	(1,549)	(30.7) %
Middle East and Africa	3,703	1,071	2,062	1,637	(424)	(20.6) %	3,000	1,362	+83.2%
Total	26,678	29,095	33,620	39,436	5,815	+17.3%	36,000	(3,436)	(8.7) %

Average Exchange rate	¥106.76 /USD	¥109.90 /USD	¥131.62 /USD	¥140.67 /USD
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¥130.00/USD (assumption)

*Calculations are based on the annual securities report.

3. R&D expenditures, Depreciation, Capital expenditure

(Millions of yen)

	FY2022	FY2023	YoY Change		FY2024 Forecast	Full-year Forecast YoY Change	
			Amount	%		Amount	%
R&D expenditures	3,233	3,529	295	+9.2%	3,500	(29)	(0.8) %
Depreciation	2,587	2,304	(282)	(10.9) %	2,300	(4)	(0.2) %
Capital expenditures	1,881	1,938	57	+3.1%	4,400	2,461	+126.9%

4. FY2024 Consolidated Forecast

(Millions of yen)

	1H		YoY Change		Full-year		YoY Change	
	FY2023	FY2024 Forecast	Amount	%	FY2023	FY2024 Forecast	Amount	%
Net sales	44,174	41,000	(3,174)	(7.2) %	95,147	90,000	(5,147)	(5.4) %
Smart meters & solutions in Japan	25,022	24,300	(722)	(2.9) %	55,266	53,500	(1,766)	(3.2) %
Smart meters & solutions overseas	19,559	17,000	(2,559)	(13.1) %	40,693	37,000	(3,693)	(9.1) %
Real estate	287	250	(37)	(13.2) %	572	600	27	+4.8%
Adjustment	(695)	(550)	145	—	(1,384)	(1,100)	284	—
Operating income	2,325	1,000	(1,325)	(57.0) %	5,874	4,700	(1,174)	(20.0) %
Smart meters & solutions in Japan	1,903	450	(1,453)	(76.4) %	4,451	2,600	(1,851)	(41.6) %
Smart meters & solutions overseas	276	400	123	+44.8%	1,155	1,800	644	+55.8%
Real estate	157	150	(7)	(4.8) %	277	300	22	+8.1%
Adjustment	(10)	—	10	—	(9)	—	9	—
Ordinary income	2,415	1,000	(1,415)	(58.6) %	5,488	3,900	(1,588)	(28.9) %
Profit attributable to owners of parent	1,356	300	(1,056)	(77.9) %	2,407	2,000	(407)	(16.9) %

- With respect to Sales for Smart meters & solutions in Japan, sales for the Solution Business are expected to increase, while a trough in demand pending introduction of the second-generation smart meter in Fiscal 2026 is expected to cause sales for the Smart Meter Business to decrease. The forecast decline in net sales and reverse effect of the prior fiscal year's temporary increase in profits resulting from changes in product mix are expected to cause operating income to decrease.
- With respect to Smart meters & solutions overseas, shipments to Oceania are expected to increase, while shipments to UK are expected to temporarily decrease as a consequence of customer-side inventory adjustments, resulting in an overall decrease in sales. Nonetheless, stable growth in Oceania, improved profit margins from growth in the Middle East and Africa regions, and order-taking activities with an emphasis on profitability are expected to cause profits to increase.

5. FY2024-2026 Mid-term Management Plan

(Millions of yen)

	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast
Net sales	90,000	95,000	100,000
Japan (**)	54,000	56,500	60,000
Overseas	36,000	38,500	40,000
Operating income	4,700	5,500	9,000
Japan (**)	2,900	2,900	5,700
Overseas	1,800	2,600	3,300
Profit attributable to owners of parent	2,000	3,500	5,500
ROE	4.0%	6.5%	10.0%

* Break down of Net Sales are external sales.

** Japan includes “Smart meters & solutions in Japan” and “Real estate”.

For further information about the Mid-Term Management Plan, please refer to today’s release “OSAKI Formulates Mid-Term Management Plan and Establishes its Corporate Purpose.”

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		
FY2022	10 yen	10 yen	20 yen	942 million yen	71.8%
FY2023	10 yen	10 yen	20 yen	938 million yen	38.9%
FY2024 Forecast	10 yen	10 yen	20 yen		46.9%

- 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>).