

FY2023 First Quarter
Summary of Consolidated Financial Results
 (Three Months ended June 2023)

- Consolidated net sales: 21.4 billion yen (+10.3% YoY), operating income: 1.2 billion yen (+116.3%). Profit attributable to owners of parent was 0.8 billion yen (-63.7%).
- Net sales for Smart meters & solutions in Japan increased slightly year on year with higher sales in the Smart Meter Business. Operating income increased with temporary changes in product mix, etc.
- For Smart meters & solutions overseas, both net sales and operating income increased year on year, including an increase in shipments to UK enabled by an upturn in the electronic materials procurement environment and an increase in shipments to Oceania.

1. Consolidated Financial Results

	(Millions of yen)			
	FY2022 1Q	FY2023 1Q	YoY Change	
			Amount	%
Net sales	19,377	21,367	1,989	+10.3%
Smart meters & solutions in Japan	11,842	11,975	132	+1.1%
Smart meters & solutions overseas	7,202	9,581	2,379	+33.0%
Production equipment	301	–	(301)	–
Real estate	139	143	4	+3.1%
Adjustment	(107)	(334)	(226)	–
Gross profit	4,303	5,011	708	+16.5%
Ratio to sales	22.2%	23.5%		+1.3pt
SG & A expenses	3,762	3,842	79	+2.1%
Ratio to sales	19.4%	18.0%		(1.4)pt
Operating income	540	1,169	628	+116.3%
Ratio to sales	2.8%	5.5%		+2.7pt
Smart meters & solutions in Japan	627	1,046	419	+66.9%
Smart meters & solutions overseas	(159)	55	214	–
Production equipment	5	–	(5)	–
Real estate	68	74	5	+8.1%
Adjustment	(1)	(6)	(5)	–
Ordinary income	547	1,380	832	+152.0%
Profit attributable to owners of parent	2,116	768	(1,347)	(63.7)%
Net income per share (yen)	44.22	16.43	(27.79)	–

2. Revenue by Business Portfolio (Excluding intercompany sales)

(1) Smart meters & solutions in Japan

(Millions of yen)

	FY2022 1Q	FY2023 1Q	YoY Change		Full-year Revised Forecast
			Amount	%	
Smart meter business	7,625	8,233	608	+8.0%	31,500
Solution Business	2,644	2,595	(49)	(1.9)%	12,500
Switchgear Business	1,567	1,141	(425)	(27.1)%	7,000
Total	11,837	11,970	133	+1.1%	51,000

*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)

	FY2022 1Q	FY2023 1Q	YoY Change		Full-year Revised Forecast
			Amount	%	
Oceania	2,780	3,842	1,062	+38.2%	17,000
Europe	2,510	3,803	1,292	+51.5%	16,000
Asia	1,416	1,157	△259	(18.3)%	3,500
Middle East and others	419	475	56	+13.4%	2,000
Total	7,127	9,279	2,151	+30.2%	38,500

Average Exchange rate	¥116.34/USD	¥132.42/USD
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*Calculations are based on the annual securities report.

3. R&D expenditures, Depreciation, Capital expenditures

(Millions of yen)

	FY2022 1Q	FY2023 1Q	YoY Change	
			Amount	%
R&D expenditures	667	758	91	13.7%
Depreciation	627	558	(69)	(11.0)%
Capital expenditures	369	353	(16)	(4.4)%

4. FY2023 Consolidated Forecast

The Company revised the forecast for the six months ending September 30, 2023 and full-year for the fiscal year ending March 31, 2024, previously announced on May 11, 2023 as follows.

(Millions of yen)

	1H		YoY Change		Full-year		YoY Change	
	FY2023 Previous Forecast	FY2023 Revised Forecast	Amount	%	FY2023 Previous Forecast	FY2023 Revised Forecast	Amount	%
Net sales	43,000	43,000	–	–	88,000	90,000	2,000	+2.3%
Smart meters & solutions in Japan	24,300	24,300	–	–	50,500	51,000	500	+1.0%
Smart meters & Solutions overseas	19,000	19,000	–	–	38,000	39,500	1,500	+3.9%
Others	250	250	–	–	600	600	–	–
Adjustment	(550)	(550)	–	–	(1,100)	(1,100)	–	–
Operating income	900	1,800	900	+100.0%	2,800	3,600	800	+28.6%
Smart meters & solutions in Japan	550	1,350	800	+145.5%	1,900	2,600	700	+36.8%
Smart meters & Solutions overseas	200	300	100	+50.0%	600	700	100	+16.7%
Others	150	150	–	–	300	300	–	–
Adjustment	–	–	–	–	–	–	–	–
Ordinary income	700	1,900	1,200	+171.4%	2,400	3,400	1,000	+41.7%
Profit attributable to owners of parent	200	1,000	800	+400.0%	1,000	1,600	600	+60.0%

Reasons for the revisions:

(1) Six Months Ending September 30, 2023

- Net sales are expected to remain in line with the initial forecast.
- Income is expected to exceed initial forecasts due to fluctuations in the product mix and a reduction in manufacturing costs for Smart meters & solutions in Japan.

(2) Full Year

- For Smart meters & solutions in Japan, net sales are expected to exceed the initial forecast for the Smart Meter Business. Income is also expected to exceed the initial forecast due to higher sales, fluctuations in the product mix, and continuation of manufacturing cost reductions.
- For Smart meters & solutions overseas, the business is expected to remain in line with the initial forecast, although net sales are expected to increase in relation to a review of the conversion rate precipitated by depreciation of the yen.

- 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>).