

FY2021 First Quarter
Summary of Consolidated Financial Results
(Three Months ended June 2021)

- Consolidated sales were down by 8.4% year on year to ¥17.7billion. Operating income declined by 32.0% to ¥0.46 billion. Profit attributable to owners of parent were ¥0.13 billion in contrast to ¥0.28 billion in loss in the previous first quarter.
- In Japan, sales of smart meters were flat from the previous fiscal year while sales of smart locks, which recorded good shipments in the previous fiscal year, decreased year on year. Profits decreased year on year, due to sales decrease as well as intensified price competition of smart meters and a rise in raw material prices.
- In the overseas, while shipments to Oceania remained flat and shipments to UK increased from the previous year, orders for Iraq (Kurdistan Regional Government), which recorded a temporary increase in orders in the same period of the previous fiscal year, declined, leading to overall sales to decrease year on year. Profits increased with higher production from increased shipments to UK and decrease in SG&A expenses.

1. Consolidated Financial Results

(Millions of yen)

	FY2020 1Q	FY2021 1Q	YoY Change	
			Amount	%
Net sales	19,347	17,720	(1,626)	(8.4)%
Smart meters & solutions in Japan	11,097	10,614	(482)	(4.3)%
Smart meters & solutions overseas	7,816	7,153	(662)	(8.5)%
Production equipment	447	64	(382)	(85.5)%
Real estate	138	138	0	+0.3%
Adjustment	(151)	(252)	(100)	—
Gross profit	4,467	4,077	(389)	(8.7)%
Ratio to sales	23.1%	23.0%		(0.1)pt
SG & A expenses	3,797	3,622	(174)	(4.6)%
Ratio to sales	19.6%	20.4%		+0.8pt
Operating income	669	455	(214)	(32.0)%
Ratio to sales	3.5%	2.6%		(0.9)pt
Smart meters & solutions in Japan	557	337	(220)	(39.5)%
Smart meters & solutions overseas	22	163	141	+637.4%
Production equipment	24	(116)	(140)	—
Real estate	62	69	7	+11.9%
Adjustment	3	1	(2)	(68.5)%
Ordinary income	282	571	289	+102.3%
Profit attributable to owners of parent	(284)	128	412	—
Net income per share (yen)	(5.81)	2.62	8.43	—

* "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 1Q	FY2021 1Q	YoY Change	
			Amount	%
Japan	11,643	10,776	(866)	(7.4)%
Overseas	7,703	6,943	(760)	(9.9)%
Oceania	2,211	2,186	(24)	(1.1)%
Europe	2,375	3,167	791	+33.3%
Asia	1,336	1,306	(29)	(2.2)%
Middle East and others	1,780	282	(1,497)	(84.1)%
Total	19,347	17,720	(1,626)	(8.4)%

Average exchange rate	¥108.86/USD	¥106.09/USD
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*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 1Q	FY2021 1Q	YoY Change	
			Amount	%
Meters	5,232	5,653	421	+8.0%
Monitor Control(**)	1,199	629	(570)	(47.5)%
Switchgears	1,529	1,393	(136)	(8.9)%
VCTs	1,124	982	(142)	(12.6)%
Others (including adjustments)	2,006	1,948	(58)	(2.9)%
Total	11,091	10,608	(483)	(4.4)%

*Referential figures based on managerial accounting

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

(2) Smart meters & solutions overseas

(Millions of yen)

	FY2020 1Q	FY2021 1Q	YoY Change	
			Amount	%
Meters	5,325	4,374	(951)	(17.9)%
Monitor Control(**)	2,370	2,561	191	+8.1%
Total	7,695	6,936	(759)	(9.9)%

*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 1Q	FY2021 1Q	YoY Change	
			Amount	%
R&D expenditures	787	741	(45)	(5.8)%
Depreciation	665	602	(62)	(9.4)%
Capital expenditures	220	224	4	+2.2%

5. FY2021 Consolidated Forecast

There is no change from the consolidated forecast announced on May 11, 2021.

	1H		YoY Change		Full-year		YoY Change	
	FY2020	FY2021 Forecast	Amount	%	FY2020	FY2021 Forecast	Amount	%
Net sales	35,734	39,000	3,265	+9.1%	76,255	83,000	6,744	+8.8%
Operating income	767	800	32	+4.2%	2,684	3,500	815	+30.4%
Ordinary income	744	700	(44)	(6.0)%	2,888	3,300	411	+14.3%
Profit attributable to owners of parent	(202)	100	302	—	482	3,000	2,517	+522.0%

* FY2021 Forecast for “Profit attributable to owners of parent” includes extraordinary gain from the transfer of shares in a consolidated subsidiary.

- 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>).