

FY2022 Third Quarter
Summary of Consolidated Financial Results
(Nine Months ended December 2022)

- Consolidated sales increased by 12.8% in the amount of 60.6 billion yen from the corresponding period in the previous fiscal year. Operating income was 1.06 billion yen, an increase by 34.4%. Net income attributable to owners of parent was 0.54 billion yen compared to a loss of 0.48 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 and solutions increased and profits expanded accordingly.
- In smart meters & solutions in overseas, while shipments to Oceania showed steady growth, shipments to UK decreased due to electronic component shortages. All in all, sales decreased in U.S. dollar basis, but increased in Yen due to yen depreciation. Profits decreased due to a hike in material costs, marking an operating loss.

1. Consolidated Financial Results

(Millions of yen)

	FY2021 3Q	FY2022 3Q	YoY Change	
			Amount	%
Net sales	53,755	60,642	6,887	+12.8%
Smart meters & solutions in Japan	32,248	37,517	5,268	+16.3%
Smart meters & solutions overseas	21,395	22,699	1,303	+6.1%
Production equipment	547	761	214	+39.2%
Real estate	415	427	11	+2.8%
Adjustment	(852)	(762)	89	—
Gross profit	11,967	12,597	629	+5.3%
Ratio to sales	22.3%	20.8%		(1.5)pt
SG & A expenses	11,177	11,534	357	+3.2%
Ratio to sales	20.8%	19.0%		(1.8)pt
Operating income	790	1,063	272	+34.4%
Ratio to sales	1.5%	1.8%		+0.3pt
Smart meters & solutions in Japan	835	2,186	1,351	+161.8%
Smart meters & solutions overseas	23	(1,343)	(1,367)	—
Production equipment	(229)	9	239	—
Real estate	211	218	6	+2.9%
Adjustment	(50)	(7)	43	—
Ordinary income	808	460	(348)	(43.1)%
Profit attributable to owners of parent	(484)	543	1,028	—
Net income per share (yen)	(9.88)	11.43	21.31	—

* "Production equipment" includes accumulated sales and profits of Osaki Engineering Co., Ltd. for the six months ended September 30, 2022. Osaki Electric has sold all holding shares of Osaki Engineering Co., Ltd. as of September 30th.

2. Revenue by Business Portfolio (Excluding intercompany sales)

(1) Smart meters & solutions in Japan

(Millions of yen)

	FY2021 3Q	FY2022 3Q	YoY Change		Full-year Revised Forecasts
			Amount	%	
Smart meter business	22,050	25,067	3,016	+13.7%	34,500
Solution business	6,811	8,402	1,590	+23.4%	12,000
Switchgear business	3,369	4,031	662	+19.6%	6,800
Total	32,230	37,500	5,269	+16.3%	53,300

*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 3Q	FY2022 3Q	YoY Change		Full-year Revised Forecasts
			Amount	%	
Oceania	7,816	10,171	2,354	+30.1%	15,600
Europe	7,955	6,278	(1,677)	(21.1)%	10,200
Asia	4,063	4,200	136	+3.4%	5,900
Middle East and others	832	1,384	551	+66.3%	1,800
Total	20,668	22,034	1,365	+6.6%	33,500

Average exchange rate	¥108.58/USD	¥128.30/USD
-----------------------	-------------	-------------

*Calculations on each region are based on the annual securities report.

3. R&D Expenditures, Depreciation, Capital expenditures

(Millions of yen)

	FY2021 3Q	FY2022 3Q	YoY Change		Full-year Forecasts
			Amount	%	
R&D expenditures	2,341	2,304	(37)	(1.6)%	3,300
Depreciation	1,870	1,959	88	+4.8%	2,500
Capital expenditures	1,701	1,018	(682)	(40.1)%	2,600

4. FY2022 Consolidated Forecast

Changes are made to the financial year ending March 31, 2023 as following.

(Millions of yen)

	Full-year			Difference (B - A)	
	FY2021	FY2022 Previous Forecast (A)	FY2022 Revised Forecast (B)	Amount	%
Net sales	76,184	80,000	88,000	8,000	+10.0%
Smart meters & solutions in Japan	46,006	49,000	53,300	4,300	+8.8%
Smart meters & solutions overseas	30,068	30,800	34,500	3,700	+12.0%
Others	1,246	1,300	1,300	—	—
Adjustment	(1,137)	(1,100)	(1,100)	—	—
Operating income	1,277	1,000	1,500	500	+50.0%
Smart meters & solutions in Japan	1,225	1,800	3,000	1,200	+66.7%
Smart meters & solutions overseas	58	(1,100)	(1,800)	(700)	—
Others	(11)	300	300	—	—
Adjustment	4	—	—	—	—
Ordinary income	1,189	1,100	1,100	—	—
Profit attributable to owners of parent	(658)	920	1,000	80	+8.7%

Reasons for changes in the FY2022 Consolidated Forecast

1. Smart meters & solutions in Japan

- Smart meters and solutions businesses anticipate steady demand, and sales in Japan are expected to exceed the previous sales forecast.
- Profits are expected to exceed the previous forecasts due to sales increase and higher manufacturing rates.

2. Smart meters & solutions overseas

- Overseas sales are expected to exceed the previous sales forecast with steady shipments in Oceania and recovery in shipment demand in Asia.
- Profits are expected to lower the previous forecasts, since the financial impact from price pass-through of high material costs will be effective later than originally anticipated.

- 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>).