

FY2024 Third Quarter Summary of Consolidated Financial Results

1. Key highlights

- **Consolidated net sales: 70.2 billion yen (YoY +2.7%), Operating income: 4.1 billion yen (-7.1%), Profit attributable to owners of parent: 2.3 billion yen (+6.5%)**

(Smart meters & solutions in Japan)

- Net sales increased but operating income decreased year on year.
- Net sales increased with a slight rise in sales in the Smart meter business despite slacking demand until the introduction of the second-generation smart meter, as well as higher sales in the Switchgear Business.
- Operating income decreased with changes in the product mix and an increase in SG&A expenses.

(Smart meters & solutions overseas)

- Net sales and operating income increased year on year.
- Net sales increased with successful growth in shipments to Oceania, while shipments to the UK decreased due to inventory adjustments by customers.
- Operating income increased with successful performance in Oceania and improved profit margins gained from favorable exchange rates in the UK.

2. Consolidated Financial Results (April 1, 2024 - December 31, 2024)

(Millions of yen)				
	FY2023 3Q	FY2024 3Q	YoY Change	
			Amount	%
Net sales	68,392	70,238	1,845	+2.7%
Smart meters & solutions in Japan	38,897	39,593	695	+1.8%
Smart meters & solutions overseas	30,138	31,198	1,060	+3.5%
Real estate	431	420	(11)	(2.6)%
Adjustment	(1,075)	(974)	100	—
Gross profit	16,442	17,230	787	+4.8%
Ratio to sales	24.0%	24.5%		+0.5pt
SG & A expenses	12,080	13,178	1,098	+9.1%
Ratio to sales	17.7%	18.8%		+1.1pt
Operating income	4,362	4,051	(310)	(7.1)%
Ratio to sales	6.4%	5.8%		(0.6)pt
Smart meters & solutions in Japan	3,365	2,700	(665)	(19.8)%
Smart meters & solutions overseas	782	1,153	371	+47.4%
Real estate	226	208	(17)	(7.9)%
Adjustment	(11)	(10)	1	—
Ordinary income	4,360	4,031	(329)	(7.5)%
Profit attributable to owners of parent	2,184	2,327	142	+6.5%
Net income per share (yen)	46.62	49.86	3.24	—

3. Revenue by Business Portfolio (FY2024 3Q) (Excluding intercompany sales)

(1) Smart meters & solutions in Japan

(Millions of yen)

	FY2023 3Q	FY2024 3Q	YoY Change		Initial Forecast (FY2024 3Q Progress rate)		Full-year Revised Forecasts
			Amount (%)				
Smart meter business	25,978	26,055	77	+0.3%	32,500	80.2%	35,000
Solution Business	8,233	8,052	(181)	(2.2)%	13,000	61.9%	13,000
Switchgear Business	4,669	5,468	798	+17.1%	8,000	68.4%	8,000
Total	38,881	39,575	694	+1.8%	53,500	74.0%	56,000

*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)

	FY2023 3Q	FY2024 3Q	YoY Change		Initial Forecast (FY2024 3Q Progress rate)		Full-year Revised Forecasts
			Amount (%)				
Oceania	12,191	16,600	4,409	+36.2%	17,500	94.9%	21,200
Europe	12,016	9,330	(2,686)	(22.4)%	12,000	77.8%	13,500
Asia	3,838	3,555	(282)	(7.4)%	3,500	101.6%	4,600
Middle East and Africa	1,112	834	(278)	(25.0)%	3,000	27.6%	1,300
Total	29,158	30,320	1,162	+4.0%	36,000	84.2%	40,600
Average Exchange rate	¥ 138.24/USD	¥ 151.46/USD			¥ 130.00/USD (Initial Forecast)		¥ 151.69/USD (assumption)

*Calculations are based on the annual securities report.

4. Progress toward Business Plan (FY2024 3Q)

(1) Smart meters & solutions in Japan

	Progress	Business Situation
Smart meter business	Good	<ul style="list-style-type: none"> • Shipments of current smart meters have exceeded the plan. • The second-generation smart meters have completed the type approval for the main model, and the production system is being constructed as planned.
Solution Business	Slightly good	<ul style="list-style-type: none"> • Sales of smart meters (for customers other than electric power companies) remained steady, including DC meters. • Smart Locks failed to achieve the plan due to inventory adjustments by customers and delays in bringing new products to market. • Green Transformation Solutions failed to achieve the plan due to delays in the sales of some services.
Switchgear Business	Good	<ul style="list-style-type: none"> • Steady progress in line with firm capital investment by companies.

(2) Smart meters & solutions overseas

	Progress	Business Situation
Oceania	Good	<ul style="list-style-type: none"> • Shipments to Australia and New Zealand remained steady. • A delay in the sales of some products is expected in 4Q.
Europe	Good	<ul style="list-style-type: none"> • Progressed steadily towards the plan as customer inventory adjustments eased.
Asia	Slightly poor	<ul style="list-style-type: none"> • Sales delays in certain regions until Q2 recovered from Q3 onwards.
Middle East and Africa	Poor	<ul style="list-style-type: none"> • Failed to achieve the plan due to the continued selective order intake considering credit risk.

- ※ Progress evaluated on a four-step scale; Good, Slightly good, Slightly poor, Poor
- ※ The progress towards the Business Plan formulated at the beginning of the fiscal year is evaluated not only through quantitative assessment of KPIs such as net sales and gross profit but also by considering qualitative factors.

5. R&D expenditures, Depreciation, Capital expenditures (FY2024 3Q)

(Millions of yen)

	FY2023 3Q	FY2024 3Q	YoY Change	
			Amount	%
R&D expenditures	2,499	2,782	282	+11.3%
Depreciation	1,716	1,592	(124)	(7.2)%
Capital expenditures	1,246	1,992	746	+59.9%

6. FY2024 Consolidated Forecast

The Company revised the forecast full-year for the fiscal year ending March 31, 2025, previously announced on August 6, 2024 as follows.

(Millions of yen)

	Full-year				Difference (B-A)	
	Initial Forecast	Revised Forecast as of August 6 (A)	Forecast as of November 5	Revised Forecast as of February 6 (B)	Amount	%
Net sales	90,000	97,000	97,000	97,000	—	—
Smart meters & Solutions in Japan	53,500	54,000	55,400	56,000	2,000	+3.7%
Smart meters & Solutions overseas(※)	37,000	43,500	42,200	41,600	(1,900)	(4.4)%
Real estate	600	600	500	500	(100)	(16.7)%
Adjustment	(1,100)	(1,100)	(1,100)	(1,100)	—	—
Operating income	4,700	5,000	5,000	5,400	400	+8.0%
Smart meters & solutions in Japan	2,600	2,900	3,200	3,700	800	+27.6%
Smart meters & Solutions overseas(※)	1,800	1,800	1,600	1,500	(300)	(16.7)%
Real estate	300	300	200	200	(100)	(33.3)%
Adjustment	—	—	—	—	—	—
Ordinary income	3,900	4,600	4,600	5,100	500	+10.9%
Profit attributable to owners of parent	2,000	2,700	2,700	3,100	400	+14.8%
ROE	4.0%	5.4%	5.4%	6.1%	—	+0.7pt

※Since the fiscal year-end for Smart meters & solutions overseas is December 31, the forecast as of February 6 is based on preliminary financial results.

Reasons for the revisions:

(1) Net Sales **【No Change from the previous forecast】**

Net sales in Smart meters & solutions in Japan are expected to exceed the previous forecast due to higher sales in the Smart Meter business.

For Smart meters & solutions overseas, shipments to Oceania are expected to be lower than the previous forecast.

(2) Operating Income **【Expected to **exceed** the previous forecast】**

Operating income is expected to exceed the previous forecast as a consequence of increased sales and improved manufacturing rates associated with increased production in Smart meters & solutions in Japan.

As a result of the revision, ROE is expected to improve from the previously forecasted 5.4% to 6.1%.

- 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>).