

OSAKI ELECTRIC renews "Mid-term Management Plan"

TOKYO, 12th May 2022 – OSAKI ELECTRIC, a leading Japanese smart meter company, has renewed the "Mid-term Management Plan," covering a five-year period through the Fiscal 2026 (fiscal year ending March 31, 2027).

1. Management Policies

The OSAKI Group's corporate vision is to be a "Global Energy Solution Leader" that takes on social challenges related to energy. The Group strives to challenge for advanced technologies, create new values and be responsible for better society through our energy solutions.

2. Mid-term Management Plan

i. Analysis on Fiscal 2021 Results

In the fiscal year ended March 2022, sales and operating income of *Smart meters & solutions in Japan and overseas* dropped below the initial forecasts due to the worldwide shortage of electronic components.

In Japan, energy management services and smart locks for rental properties were severely impacted by the spread of COVID-19 Virus.

Furthermore, net income fell significantly below the initial forecasts due to a postponement of the sale of overseas consolidated subsidiaries, which was anticipated in the initial forecasts at the beginning of the year. The extraordinary gain from the sale will be recorded in the first quarter of the fiscal year ending March, 2023.

ii. Policies for Fiscal 2022 and following years

Based on the stringent results for the fiscal year ended March 2022, the Company will strive to improve profits by enhancing business portfolio management in the short- to medium-term. Specifically, the Company expands energy management business utilizing our measurement technologies while maintaining strong position of smart meter business in Japan.

Overseas, we are increasing the ratio of solutions business, which combines smart meters and head-end systems, from a sales mix centered on smart meters to improve profitability. At the same time, shifting to solutions business will mitigate the anticipated impact of component shortages.

In the mid- to long-term, we will contribute to the decarbonization of society by providing various energy solutions and services in response to the global trend toward building a sustainable society.

iii. Strategies based on the Mid-term Management Plan

In carrying out the Mid-term Management Plan, OSAKI will take the following strategies:

(1) Developing value-added smart meters and expanding energy solutions (Japan)

- Accelerate R&D and reinforce manufacturing framework for next-generation smart meters and explore added value for new smart meters.

(2) Developing new products and services (Japan)

- Collaborate with various partners to accelerate technology development and reinforcing marketing
- Leverage management resources and reinforce framework to create and market new products and services
- Focus on solution business including one-stop services for decarbonization and GX or the green transformation, and contribute toward building a sustainable society.

(3) Expanding Global Business (outside Japan)

OSAKI Group will execute the following measures in the focus regions including Oceania, Europe with particular focus on UK, and emerging countries in Asia and the Middle East.

- Expand solution services for higher profitability and lower component shortage risk
- Accelerate the next-generation hardware/software development
- Reinforce supply chain management

(4) Building resilient group operations

- Build strong teams by training and allocation
- Strengthen a group-wide risk control
- Elevate financial soundness and allocate group resources
- Strengthen sustainability activities

iv. Business Portfolio Management

The OSAKI Group carries out the aforementioned strategies by managing the business portfolio below.

Smart meters & solutions in Japan

	Position and Policy
Smart meter business	Drive as a core business.
Solution business	Provide solutions for social issues such as energy saving and decarbonization by leveraging strong smart meter business. Aim to improve profitability in Japan.
Switchgear business	Provide to stable demand and maintain revenue and profit contributions.

Smart meters & solutions in overseas

	Position and Policy
Oceania	Reinforce solution business by combining smart meters and head-end systems. Aim for stable profit growth.
Europe	Improve profitability in UK by improving product mix and reducing production costs.
Asia	Improve profitability by focusing on high margin products and services, such as solutions services and commercial & industrial meters.
Middle East and others	

Production equipment and Real estate businesses are managed by a company specific portfolio.

3. Financial and Management Targets

i. Financial Targets

(in millions of yen)	FY2021 (Actual)	FY2022 (Forecast)	FY2023 (Outlook)	FY2024 (Outlook)
Net sales	76,184	80,000	83,000	85,000
Operating Income	1,277	1,000	2,800	4,000
Ordinary Income	1,189	1,100	2,900	4,100
Profit attributable to owners of parent	-658	1,500	1,600	2,600

ii. Sales by Business Portfolio

(in millions of yen)	FY2021 (Actual)	FY2022 (Forecast)	FY2023 (Outlook)	FY2024 (Outlook)
Smart meters & solutions in Japan	45,983	50,000	50,000	50,500
Smart meter business	29,425	32,000	31,000	30,500
Solution business	10,531	11,500	12,500	13,000
Switchgear business	6,025	6,500	6,500	7,000
Smart meters & solutions Overseas	29,095	28,000	31,000	32,500
Oceania	10,642	12,000	13,500	15,000
Europe	11,339	10,000	11,500	11,500
Asia	6,041	4,200	3,500	3,000
Middle East and others	1,071	1,800	2,500	3,000
Others	1,105	2,000	2,000	2,000
Total	76,184	80,000	83,000	85,000

iii. Management Targets

OSAKI recognizes the importance of equity efficiency and sets ROE as its management target in attaining sustainable improvement.

	FY2021 (Actual)	FY2022 (Forecast)	FY2023 (Outlook)	FY2024 (Outlook)	FY2026 (Target)
ROE	-1.4%	3.5%	3.5%	5.5%	8% or higher

* The Company applies a rolling method to its Mid-term Management Plan

** 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.

About OSAKI ELECTRIC

OSAKI ELECTRIC is one of the leading smart meter companies in the world. OSAKI Group is focused on designing, developing and manufacturing innovative and technologically advanced energy meters and metering systems for the global utility industry. The Group's business portfolio includes a comprehensive range of premium quality metering products, energy management systems and IoT/AI integrated smart services. For more information, please visit <https://www.osaki.co.jp/en/index.html>

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