

OSAKI ELECTRIC renews "Mid-term Management Plan"

TOKYO, 11th May 2023 – OSAKI ELECTRIC, a leading Japanese smart meter company, has renewed the "Mid-term Management Plan," covering a five-year period through the Fiscal 2027 (fiscal year ending March 31, 2028).

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 2022 Results

In the fiscal year ended March 2023, while shipments to UK decreased due to a shortage of electronic components, the Japanese business showed a healthy performance, leading the consolidated sales and operating income to exceed the initial forecasts.

ii. Management Guidance for Fiscal 2023 and following years

OSAKI anticipates a stagnant market condition in the Japanese smart meter business and proceeds to concentrate on expanding products and solutions related to energy management as a short-term strategy in the domestic domain. As for the overseas business, the Company sets an improvement in profitability as top priority and strives to minimize the impact of electronic shortages.

In the medium-term, the Company expands green technology solutions business to support customers to accelerate decarbonization actions. In addition we will reinforce the R&D and manufacturing framework in preparation for the introduction phase of the next-generation smart meters in Japan.

In the overseas business, we continue to focus on improving profitability. Accordingly, the Company will increase the ratio of solutions business including smart meters and head-end systems, while streamlining organization functions such as R&D facilities and reinforcing supply chain management.

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 meter.
- Expand value-added energy saving solutions business in decarbonization, and develop and provide a packaged service leveraging green technology.

(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 that will contribute toward building a sustainable society

(3) Expanding global business focused on profit

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 high-valued solution services suited to various markets
- Streamline organizational functions including R&D locations
- Reinforce supply chain management

(4) Building resilient group operations

- Strengthen the development and utilization of the Group's human resources
- Strengthen Group risk management
- Strengthen financial structure and optimally allocate management resources
- Promotion of sustainability response

(5) Shared value

In carrying out the aforementioned strategies, OSAKI acknowledges the importance of shared value to achieve its mid-term management goals. Therefore, the Company will carry out internal campaigns to clarify important values and take thorough measures to share the OSAKI values once in for all among its employees and related stakeholders.

3. Financial and Management Targets

i. Financial Targets

| (in millions of yen) | FY2022 (Actual) | FY2023 (Forecast) | FY2024 (Outlook) | FY2025 (Outlook) |
|---|--------------------|----------------------|---------------------|---------------------|
| Net sales | 89,253 | 88,000 | 91,000 | 98,000 |
| Operating Income | 2,226 | 2,800 | 4,000 | 5,500 |
| Ordinary Income | 1,885 | 2,400 | 3,700 | 5,200 |
| Profit attributable to owners of parent | 1,319 | 1,000 | 2,200 | 3,300 |

ii. Management Targets

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

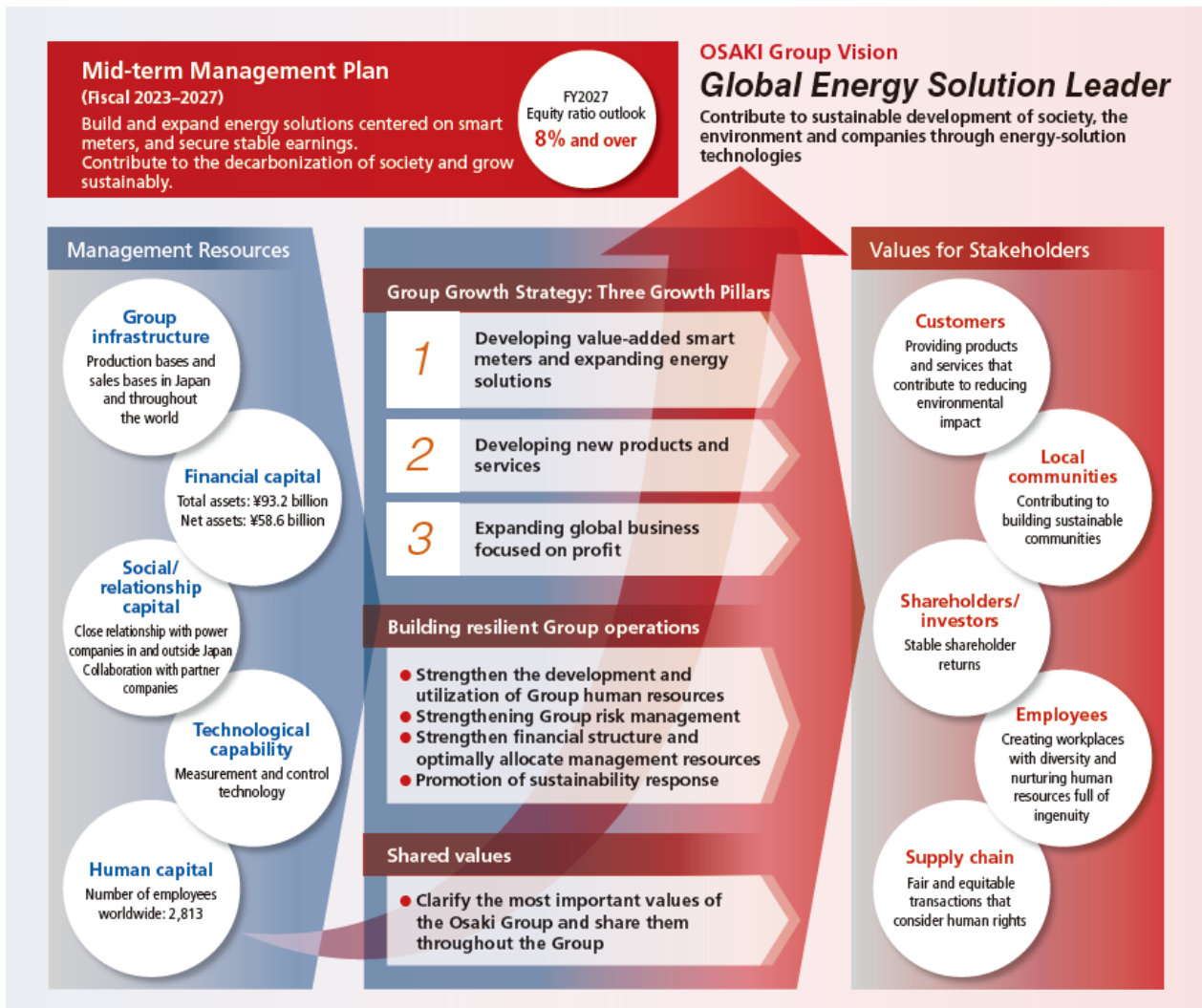
| | FY2022 (Actual) | FY2023 (Forecast) | FY2024 (Outlook) | FY2025 (Outlook) | FY2027 (Target) |
|-----|--------------------|----------------------|---------------------|---------------------|--------------------|
| ROE | 2.9% | 2.5% | 5.0% | 7.0% | 8% or higher |

iii. Sales by Business Portfolio

| (in millions of yen) | FY2022 (Actual) | FY2023 (Forecast) | FY2024 (Outlook) | FY2025 (Outlook) |
|-----------------------------------|--------------------|----------------------|---------------------|---------------------|
| Smart meters & solutions in Japan | 54,406 | 50,500 | 50,500 | 54,500 |
| Smart meter business | 34,885 | 30,500 | 29,000 | 30,000 |
| Solution business | 12,483 | 13,000 | 14,000 | 17,000 |
| Switchgear business | 7,037 | 7,000 | 7,500 | 7,500 |
| Smart meters & solutions Overseas | 33,620 | 37,000 | 40,000 | 43,000 |
| Oceania | 15,628 | 16,500 | 17,000 | 18,000 |
| Europe | 10,129 | 15,500 | 16,000 | 16,500 |
| Asia | 5,800 | 3,000 | 3,000 | 4,000 |
| Middle East and others | 2,062 | 2,000 | 4,000 | 4,500 |
| Others | 1,226 | 500 | 500 | 500 |
| Total | 89,253 | 88,000 | 91,000 | 98,000 |

Reference: OSAKI Value Creation Process

Value Creation Process



* 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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