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Company name: Osaki Electric Co., Ltd.  
Representative: Chairman and CEO  
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(Code: 6644, TSE Prime Market)  
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## Fostering Management Conscious of Capital Cost and Stock Price

Osaki Electric Co., Ltd. (Tokyo) is taking action to foster management conscious of cost of capital and stock price.

### 1. Current situation

Thus far under a rolling Mid-Term Management Plan, OSAKI Group has worked on key initiatives to increase enterprise value. The year-end stock price, in fact, rose again in Fiscal 2023 (ended March 31, 2024); however, PBR has remained well below 1.0. Management believes this low PBR arises from ROE faltering below the cost of equity. In addition, strategies and plans for sustainable growth do not appear to be fully appreciated by our shareholders and investors. Taking account of the current situation, OSAKI Group will aim to increase enterprise value by executing the following initiatives.

(Millions of yen)

	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	90,069	76,255	76,184	89,253	95,147
Operating income	3,691	2,684	1,277	2,226	5,874
Profit attributable to owners of parent	1,197	482	△658	1,319	2,407
Operating income to net sales ratio (%)	4.1	3.5	1.7	2.5	6.2
ROE (%)	2.5	1.0	-	2.9	5.0
Basic earnings per share (Yen)	24.47	9.84	△13.42	27.86	51.36
Net assets per share (Yen)	956.44	950.37	936.60	981.44	1,057.46
Stock price at the end of the period (Yen)	534	610	468	532	683
PER (times)	21.8	62.0	-	19.1	13.3
PBR (times)	0.56	0.64	0.50	0.54	0.65

### 2. Enterprise value enhancement initiatives

#### (1) Improving ROE

With regard to ROE, management will place top priority on surpassing the current cost of equity recognized as 5.2% and aim for 8% or more in the mid-term. Specific initiatives are as follows.

##### (a) Improved profitability

Successful implementation of our Mid-Term Management Plan will strengthen profitability. Specifically, in the Japan business, in addition to securing earnings from the deployment of second-generation smart meters, we will work to expand earnings in the solutions business. In the Overseas business, the shift to sales of meters combined with head-end systems will improve profitability.

For further information about the Mid-Term Management Plan, please refer to today's release "OSAKI Formulates Mid-Term Management Plan and Establishes its Corporate Purpose."

(b) Capital efficiency and optimal capital structure

Improved working capital efficiency and reduced non-operational assets through the sale of strategic shareholdings will lead to overall improvement in capital efficiency.

In regard to shareholder returns, the company has adopted a dividend policy that employs the higher of either DOE (dividend on equity ratio) of 2% or payout ratio of 30% as a guideline for a steady redistribution of profits to shareholders. The performance improvement goals also target an increase in dividend at the earliest possible time. In addition, management will continually study the repurchase of stock based on a comprehensive assessment of the stock price and financial condition of the company.

With regard to operating cash flow generated, the OSAKI Group will endeavor to make investments including M&A deals to improve profitability and appropriate distributions as shareholder returns.

(2) Improving capital market valuation

We aim to foster an understanding of the initiatives for sustained growth among our stockholders and investors and to increase market valuation. Towards these goals, we will execute management under principles of sustainability and augment investor relations activities.