



May 9, 2024

Company name: Osaki Electric Co., Ltd.
Representative: Chairman and CEO
Yoshihide Watanabe
(Code: 6644, TSE Prime Market)
Contact: Director and Managing Executive Officer
Head of Corporate Strategy Division
Ryuichi Ueno

OSAKI Formulates Mid-Term Management Plan and Establishes Corporate Purpose

Osaki Electric Co., Ltd. (Tokyo) has formulated its mid-term management plan covering the three-year period of Fiscal 2024 through 2026 (ending March 31, 2027) as set forth below. In addition, the OSAKI Group has revised its corporate philosophy and redefined its Corporate Purpose.

1. Background

In order to achieve sustainable growth, the OSAKI Group revisited its raison d'être over the past year in order to clarify the values considered important to the Group. In addition to considerable internal dialogue, opinions among stakeholders, comprising customers, shareholders, and investors, were weighed and discussed with respect to responding to their expectations. The culmination of these efforts yielded the revised corporate philosophy: "We create new value for society through visualization of the invisible." This has been established as the Corporate Purpose.

In addition, under the Mid-Term Management Plan, which is the concrete strategy to "create new value for society," the group has revised the previous rolling method and fixed the target period for three specific years to execute towards achievement with certitude.

2. Mid-Term Management Plan

(1) Underlying Policy

As its underlying policy, the Mid-Term Management Plan aims for sustainable growth by leveraging Group synergies to the fullest and providing new solutions for societal goals like achieving decarbonization while the smart meter remains at the heart of all business.

For Smart meters & solutions in Japan, the smart meter business remains at the core while the solutions business expands in response to the needs of society, including green transformation solutions and smart locks.

For Smart meters & solutions overseas, transformation into a profit-oriented business continues by promoting sales of meters combined with head-end systems alongside organizational reforms.

The OSAKI Group also plans to build resilient group operations infrastructure to support these strategies, and will aim for appreciation of enterprise value through the creation of recurrent profits. The mid-term financial target, therefore, is operating income of 9 billion yen in Fiscal 2026 (ending March 31, 2027), the final year of the plan.

(2) Key Strategic Pillars

(a) Supplying added value to social infrastructure centered on smart meters (Japan)

In the Japan market, an optimal production system for second-generation smart meters, scheduled for full-scale deployment in Fiscal 2026, will be built out with the aim of securing steady earnings. At the same time, the company will develop markets by creating new value for social infrastructure, introducing DC meters that can expand the use of renewable energy and electric vehicles.

(b) Supporting the streamlining of customers' operations (digital transformation) by harnessing digital technology (Japan)

Smart locks contribute to labor savings in managerial operations of the rental properties market. The introduction of new products and stronger collaboration with partners will lead to expanded adoption in the rental properties market, other housing markets, corporate offices, etc. In addition, acquiring new installations and capturing replacement demand from existing customers are targeted for automated meter reading systems that reduce the burden of facility management operations.

(c) Providing comprehensive Green Transformation Solutions to achieve decarbonization (Japan)

Capitalizing on the growing urgency of decarbonization, energy management services will develop new customers across other industries as well as in the distribution and retail industries, where our current customers are engaged in physical multi-outlet operations. In addition, the company will increase profitability with further offers to current customers of high value-added green transformation solutions alongside the structuring of business platforms for new green transformation solutions that have potential to become future growth pillars.

(d) Transformation into profit-oriented business (Overseas)

The following initiatives will roll out in Oceania, Europe centered on UK, Asia, Middle East and Africa to further the transformation into a profit-oriented business.

- Provision of high value-added solutions tailored to market characteristics
- Reinforcing the commercial and industrial meter business
- Exit from low-profit markets
- Organizational reforms

(e) Building resilient Group Operations platform

The Group will implement the following initiatives to build a resilient group operations platform.

- Build strong teams by developing and deploying talent
- Strengthen group-wide risk management
- Improve capital efficiency and optimize cash allocation
- Promote sustainability initiatives

3. Mid-term Financial Targets

(1) Consolidated Financial Targets

(Millions of yen)

	FY2023 (Actual)	FY2024 (Forecast)	FY2025 (Forecast)	FY2026 (Forecast)
Net sales	95,147	90,000	95,000	100,000
Operating Income	5,874	4,700	5,500	9,000
Profit attributable to owners of parent	2,407	2,000	3,500	5,500
ROE (%)	5.0	4.0	6.5	10.0

(2) Financial Targets by Business Segments

(Millions of yen)

		FY2023 (Actual)	FY2024 (Forecast)	FY2025 (Forecast)	FY2026 (Forecast)
Net Sales	Smart meters & solutions in Japan	55,244	53,500	56,000	59,500
	Smart meters & solutions overseas	39,436	36,000	38,500	40,000
	Real estate	466	500	500	500
Operating Income	Smart meters & solutions in Japan	4,451	2,600	2,600	5,400
	Smart meters & solutions overseas	1,155	1,800	2,600	3,300
	Real estate	277	300	300	300

* Net sales represent external sales.

For more information on our efforts to increase enterprise value, please refer to today's release "Corporate Response to Implement Management Conscious of Capital Cost and Stock Price."

* 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.