

Financial Results Presentation for Q1 FY2025

August 5, 2025

OSAKI ELECTRIC CO., LTD.
TSE Prime Market
Code: 6644

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FY2025 First Quarter Financial Summary

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FY2025 Financial Forecast (Revised version)

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1 Business Overview

(As of March 31, 2025)

Company Name	OSAKI ELECTRIC CO.,LTD.
Founded	August 1916
Established	January 1937
Capital	7,965.75 million yen
Representative	Yoshihide Watanabe, Chairman and CEO
Business Description	Development, manufacturing, sale, installation of meters, instrument transformers, automated distribution systems, time switch, demand control equipment, energy management systems, meter reading systems, smart home related devices, optical communication devices, switchgears, and other related electric devices and equipment.
Number of Employees	2,558(consolidated), 542(non-consolidated)

Osaki Electric Co., Ltd. is an electrical equipment manufacturer that has contributed to the efficient use of energy for over a century through the metering and control of electric power, since its founding

<Key Features of Our Business>

- Our flagship product, the electricity meter (smart meter), is supplied to all ten major electric utilities in Japan as well as to industrial and commercial users, making us the Japanese market leader.
- Our group sells smart meters not only in Japan but also in many other countries, particularly in Oceania (Australia and New Zealand), Europe (especially the UK), and Asia, holding a market share of over 70% in both Australia and New Zealand.
- Our global market share, including both domestic and international sales(Excluding China), is approximately 8%, ranking us fourth worldwide.
- To achieve sustainable growth, we are also focusing on the development and sales of products and services beyond smart meters.
(Main products & services)
 - **Energy Management Systems (EMS)**(Supports efficient facility operations through visualization and control of energy usage)
 - **Smart Metering System** (Enables automatic reading and cloud-based management of electricity, gas, and water usage)
 - **Switchgear** (Provides reliable power distribution solutions for utilities and data centers)
 - **Smart Locks** (Enhances property access control and reduces management costs through keyless entry systems)

<Business Segment>

We manage our business through three segments. This financial results presentation also provides information based on these three segment

- Smart meters & solutions in Japan
- Smart meters & solutions overseas
- Real estate

(Main products & services)

▼ Smart Meters



Japan



Overseas

▼ EMS

(Japan)



▼ Switchgear

(Japan)



▼ Smart Locks

(Japan)



2

FY2025 First Quarter Financial Highlights Overview

01

Increased Sales and Profit (YoY) (On an operating profit basis)

In Japan, steady sales of smart meters delivered an increase in revenue, but increased depreciation and selling, general and administrative expenses resulted in a decrease in profit.

For overseas, the UK remained strong, while Oceania experienced inventory adjustments by customers for a decrease in revenue and increase in profits. Revenue and profits increased on a consolidated basis.

02

Smart meters & solutions in Japan: Increased Sales and Decreased Profit (YoY)

【 Sales 】: Increased revenue due to steady final demand for current smart meters

【 Profit 】: Decreased profit due to increased depreciation associated with second-generation smart meters and increased selling, general and administrative expenses

03

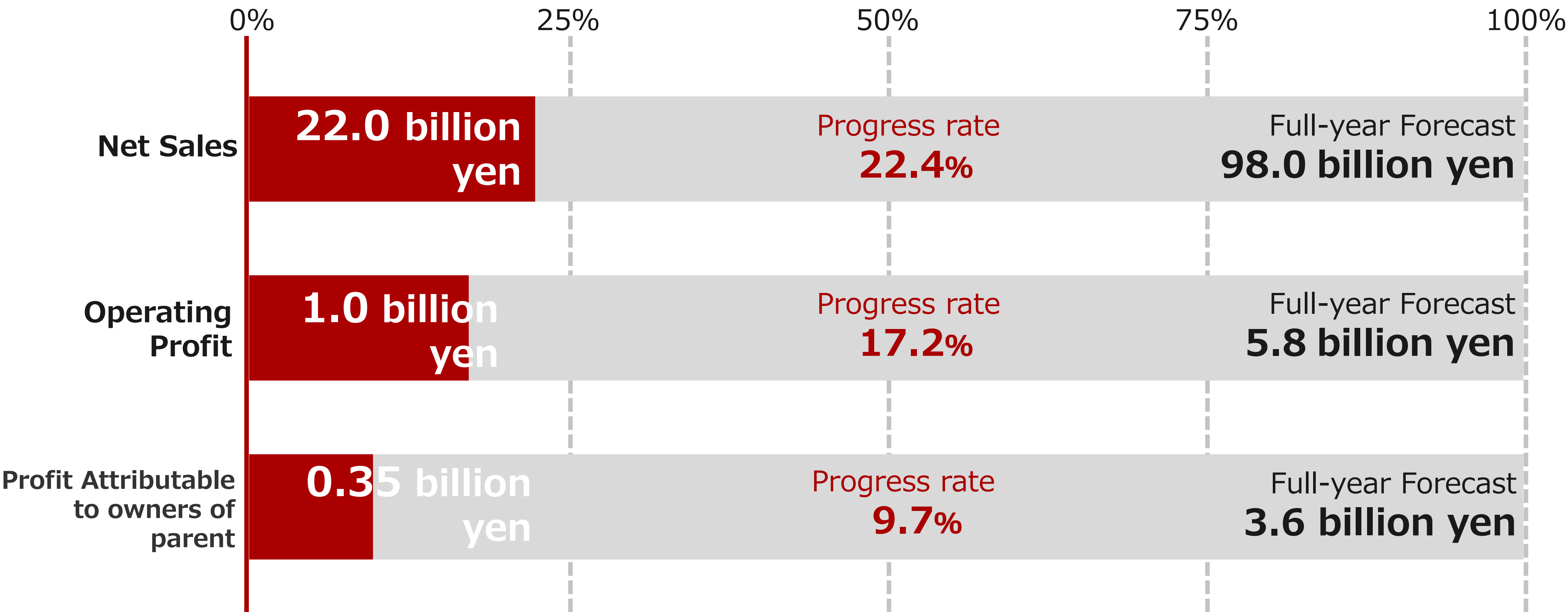
Smart meters & solutions overseas: Decreased Sales and Increased Profit (YoY)

【 Sales 】: Despite an increase of UK shipments, inventory adjustments by customers in Oceania delivered a decrease in revenue.

【 Profit 】: Increased profits due to UK sales growth and reduced selling and administrative expenses through organizational transformation

2. Progress Toward FY2025 Full-Year Forecast

- Both domestic and overseas Q1 sales and operating profit progressed in line with the initial plan. In line with the initial plan, H2 growth is expected in both domestic and overseas markets
- Domestically, greater sales and operating profit are expected in H2 as full-scale deployment of second-generation smart meters starts in Q4
- Although continued inventory adjustments by some customers present a risk in Oceania, overseas sales and operating profit in H2 are expected to increase



3. FY2025 First Quarter Consolidated Financial Results

YoY

Increased Sales and Profit



- 【Sales】

Japan

Overseas

 - In the smart meter business, revenue increased primarily due to the steady final demand for current smart meters.
 - Revenue increased due to higher shipments associated with the government-led 'Smart Meter Project' in the UK. Sales decreased in Oceania primarily due to customer inventory adjustments. Overall revenue decreased due additionally to a decline over the previous year in well-performed products in Asia and selective order acceptance from the Middle East and Africa that weighed credit risks, among other factors.
- 【Profit】

Japan

Overseas

 - Profit decreased due to increased depreciation associated with the launch of second-generation smart meters and increased selling and administrative expenses primarily driven by personnel costs
 - Profit increased due to improved profit margins from increased sales in the UK and reduced selling and administrative expenses through organizational transformation.

	FY2024 Q1 Actual	FY2025 Q1 Actual		YoY Change	
Net sales	21,300	21,966		666	+ 3.1%
Smart meters & solutions in Japan	12,449	13,418		969	+7.8%
Smart meters & solutions overseas	9,030	8,712		△318	△3.5%
Real estate	138	128		△9	△6.7%
Adjustment	△318	△293		24	—
Operating profit (Rate)	830 (3.9%)	1,009 (4.6%)		179	+ 21.6%
Smart meters & solutions in Japan	861	805		△56	△6.6%
Smart meters & solutions overseas	△106	152		259	—
Real estate	74	67		△6	△8.3%
Adjustment	0	△16		△16	—
Ordinary profit (Rate)	952 (4.5%)	1,147 (5.2%)		194	+ 20.4%
Extraordinary gains and loss	10	△109		△119	—
Profit attributable to owners of parent (Rate)	345 (1.6%)	350 (1.6%)		5	+ 1.5%

(Millions of Yen)

4. Net Sales by Business Portfolio (Japan)

YoY



Smart meters & solutions in Japan

*Non-utility meter collectively refers to meter products distributed to customers other than electric power companies

Smart meter Business	Increased Sales ▲ Revenue increased due to strong final demand ahead of the discontinuation of current smart meter sales
Solution Business	Increased Sales ▲ - Non-utility meters* were affected by market conditions and performed slightly below year on year - GX services experienced slight delays compared to the initial plan, but increased year on year through new customer acquisitions and expanded energy management services to existing customers - Smart lock sales increased year on year as customer inventories normalized. Despite delays, efforts are focused on launching new products - Overall business revenue increased due to sales growth of subsidiaries
Switchgear Business	Decreased Sales ▼ Phasing of revenue recognition (from Q1 to Q2 or later) drove sales lower year-on-year, although largely steady to power companies and industries

	FY2024 Q1 Actual	FY2025 Q1 Actual	YoY Change		FY2025 Forecast
Smart meters & solutions in Japan	12,443	13,411	9,68	+7.8%	57,700
Smart meter Business	8,372	9,381	1,008	+12.0%	36,700
Solution Business	2,580	2,740	159	+6.2%	13,000
Switchgear Business	1,489	1,289	△200	△13.4%	8,000

(Millions of Yen)

4. Net Sales by Business Portfolio (Overseas)

YoY



Smart meters & solutions overseas

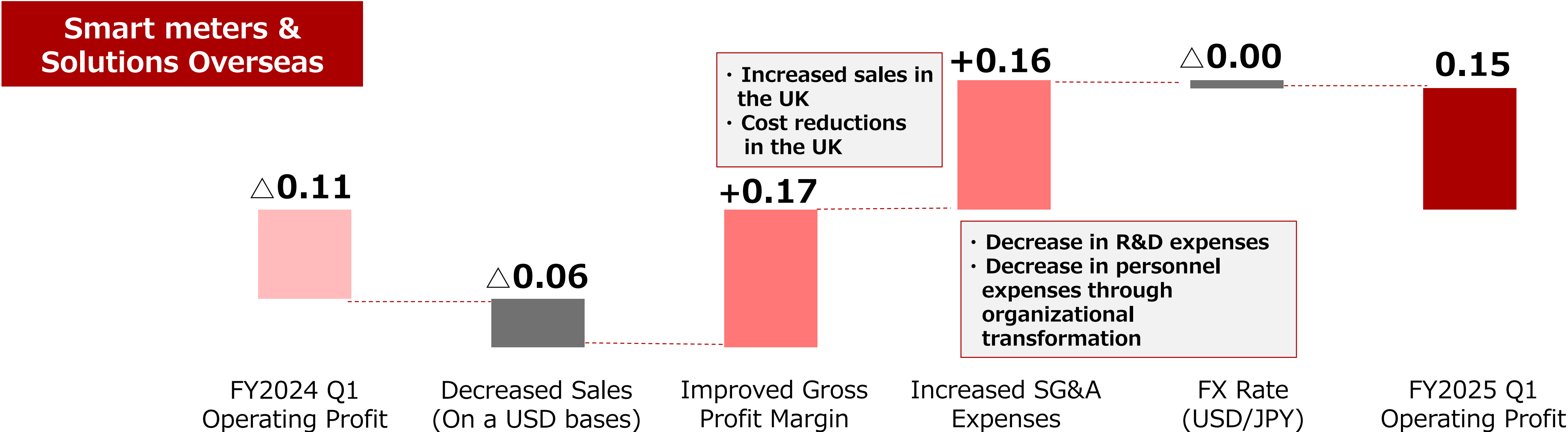
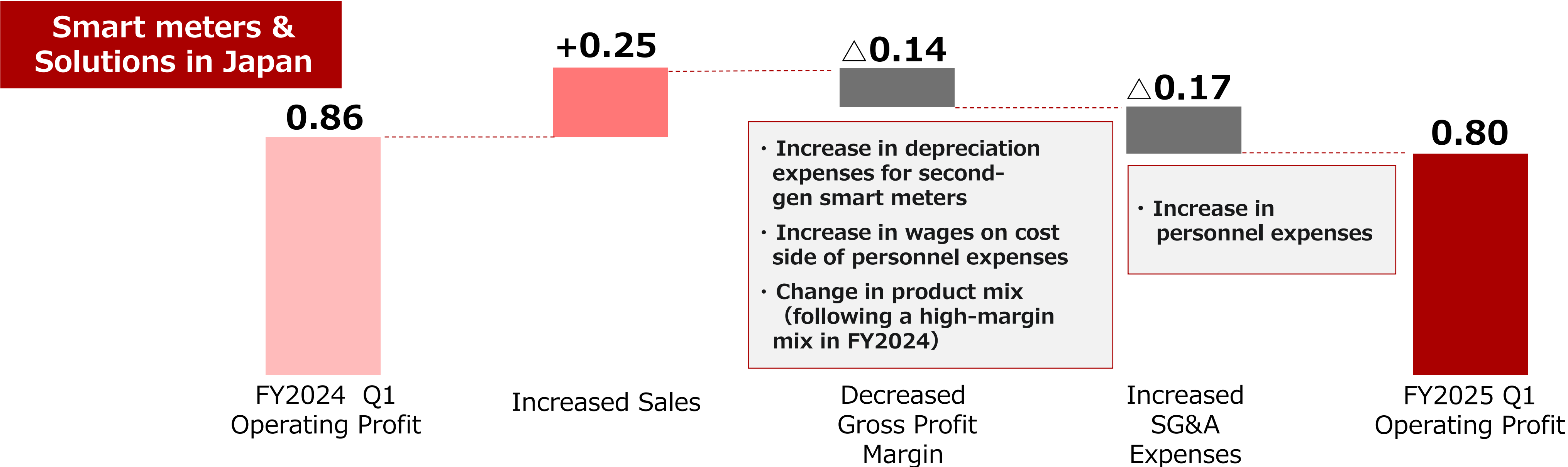
Oceania	Decreased Sales▼ • Shipments decreased due to customer inventory adjustments, resulting in lower revenue
Europe	Increased Sales▲ • Revenue increased due to higher shipments in the UK Smart Meter Project
Asia	Decreased Sales▼ • Revenue decreased due to a decline in products that were temporarily strong in the same period last year
The Middle East & Africa	Decreased Sales▼ • Revenue decreased due to continuing selective order acceptance that weighed credit risks

	FY2024 Q1 Actual	FY2025 Q1 Actual	YoY Change		FY2025 Forecast
Smart meters & solutions overseas	8,745	8,452	△292	△3.3%	40,000
Oceania	4,469	3,653	△816	△18.3%	19,500
Europe	2,461	3,949	1,487	+60.4%	13,000
Asia	1,325	800	△525	△39.6%	4,000
The Middle East & Africa	487	48	△438	△90.0%	3,500
Average FX Rate (JPY/USD)	148.63	152.55			

(Millions of Yen)

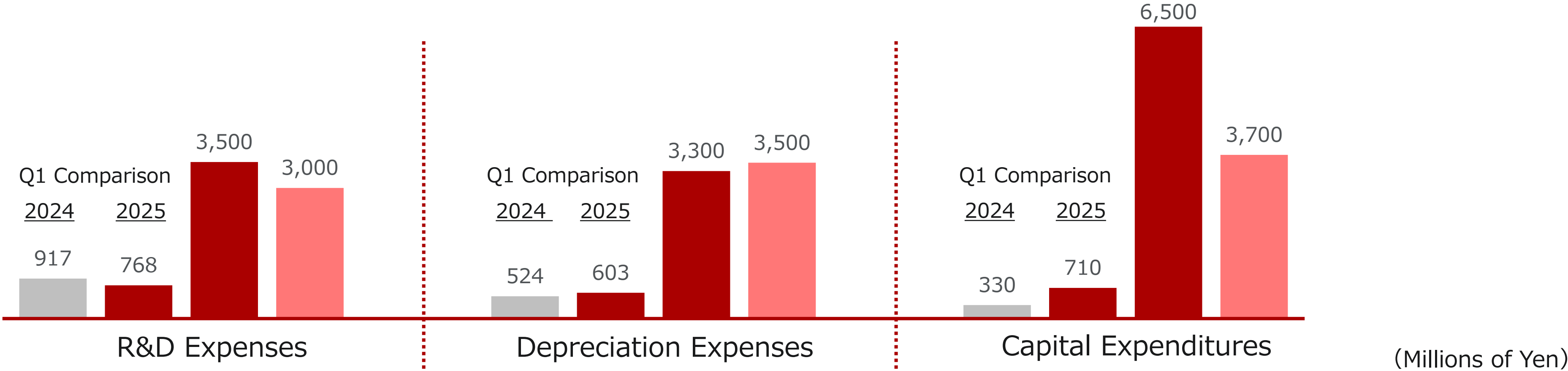
5. Operating Profit Variance Analysis

(Billions of Yen)



6. R&D, Depreciation and Capital Expenditures

(Millions of yen) ■ FY2024 Q1 Actual ■ 2025 Q1 Actual ■ FY2025 Forecast ■ FY2026 Plan



	FY2024 Q1 Actual	FY2025 Q1 Actual	YoY Change		FY2025 Forecast	Progress Rate	FY2026 Plan
R&D Expenses	917	768	△149	△16.3%	3,500	21.9%	3,000
Depreciation Expenses	524	603	79	+15.2%	3,300	18.3%	3,500
Capital Expenditures	330	710	379	+115.0%	6,500	10.9%	3,700

<FY2025 Forecast>

【 R&D Expenses 】

- Continued R&D on smart meters worldwide and domestic solutions

【 Depreciation Expenses】

- Depreciation (mainly molds) will increase for Q2 onward, ahead of main volume increase of second-generation smart meters

【 Capital Expenditures】

- Capital expenditures for second-generation smart meters will become active from Q2 onward

7. Consolidated Balance Sheet

Balance Sheet

(Millions of Yen)

	End of FY2024	End of FY2025 Q1	Change	Key factors behind the increase/ decrease	
Total assets	100,513	93,778	△6,735	Cash	△2,123
Current assets	59,547	54,167	△5,379	Accounts receivable	△2,683
Non-current assets	40,966	39,610	△1,356	Property, Plant	△695
Total liabilities	37,170	31,802	△5,368	Trade payable	△1,236
Current liabilities	29,240	25,058	△4,181	Borrowings	△1,749
Non-current liabilities	7,930	6,743	△1,187		
Total net assets	63,343	61,976	△1,366	Retained earnings	△193
Equity	52,151	50,734	△1,417	Foreign currency Translation Reserve	△525
Non-controlling interests	10,724	10,775	50	Share buyback	△535
Other	466	466	—		
Capital adequacy ratio	51.9%	54.1%	2.2pt.		

【 Assets 】

- Cash decreased due to loan repayments
- Accounts receivable decreased due to collections in Japan
- Inventories decreased due to shipments of finished goods Overseas

【 Liabilities 】

- Accounts payable decreased due to payments in Japan
- Loans decreased due to repayment of foreign currency borrowings for group finance

【 Net Assets 】

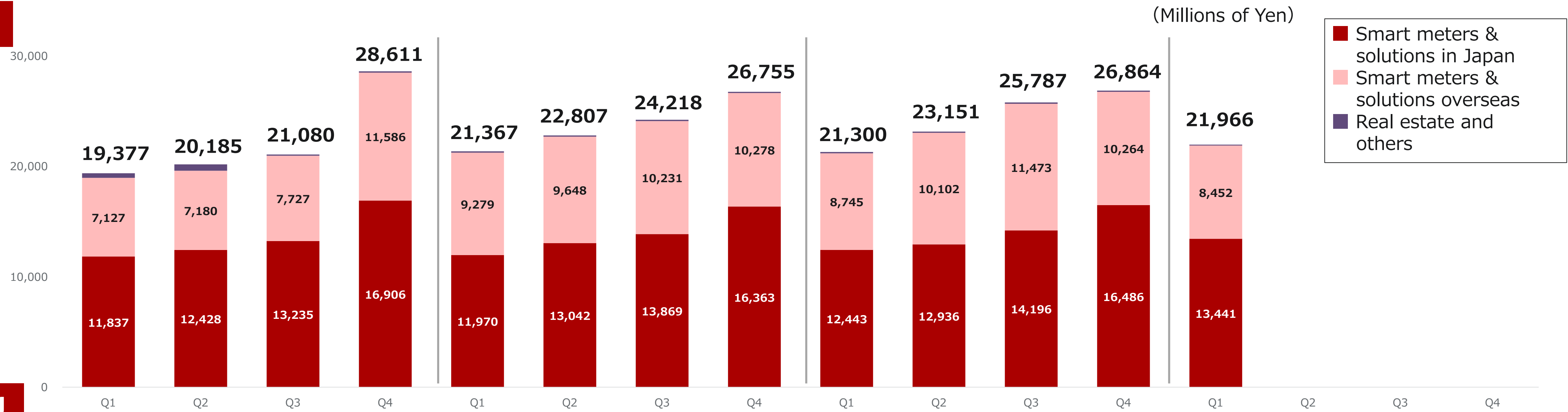
- Retained earnings decreased due to dividend payments
- Treasury stock increased due to share buybacks

- Equity ratio 54.1%

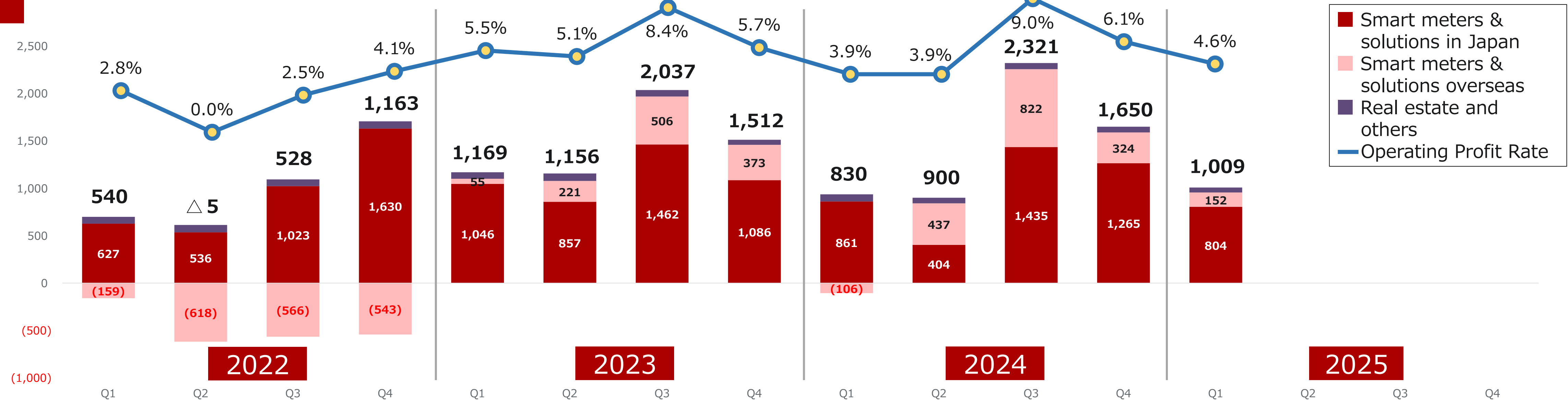
8. Quarterly Net sales and Operating Profit Trends



Net Sales



Operating Profit



3

FY2025 Financial Forecast

1. FY2025 Financial Forecast

1st
Half

Against the
initial forecast



■ Initial Forecast for First Half of FY2025 Revised Upward

(Millions of Yen)

	FY2024 1H Actual	FY2025 1H		Against the Initial Forecast	
		Initial Plan	Forecast		
Net sales	44,451	45,500	46,600	1,100	+ 2.4%
Smart meters & solutions in Japan	25,379	27,800	27,800	—	—
Smart meters & solutions overseas	18,847	17,500	18,600	1,100	+6.3%
Real estate	224	200	200	—	—
Operating profit	1,730	1,200	1,500	300	+ 25.0%
Smart meters & solutions in Japan	1,265	750	950	200	+26.7%
Smart meters & solutions overseas	331	350	450	100	+28.6%
Real estate	136	100	100	—	—
Adjustment	△2	-	—	—	—
Ordinary profit	1,568	1,100	1,400	300	+ 27.3%
Profit attributable to owners of parent	571	100	300	200	+ 200.0%
FX Rate (JPY/USD)	152.36	140.00	148.40		

Japan

Sales in Line with Initial Forecast and Increased Profit

【 Sales 】

- The initial forecast remains unchanged
- Because final demand remains strong as sales end for current products, an increase in revenue is expected in the smart meter business
- The solutions business is expected to see a decline in revenue

【 Profit 】

- The revenue increase in the smart meter business is expected to contribute to higher profits

Overseas

Increased Sales and Profit

【 Sales 】

- The UK government-led Smart Meter Project will increase in shipments and is expected to deliver increased revenue

【 Profit 】

- The UK revenue increase is expected to contribute to higher profits

1. FY2025 Financial Forecast

FY2025
Full year

YoY



■ No Revision to Full-Year Forecast from Initial Plan

(Millions of Yen)

	FY2024 Actual	FY2025 Forecast	YoY Change	
Net sales	97,102	98,000	897	+ 0.9%
Smart meters & solutions in Japan	56,061	57,700	1,638	+2.9%
Smart meters & solutions overseas	40,584	40,000	△584	△1.4%
Real estate	456	300	△156	△34.2%
Operating profit	5,701	5,800	98	+ 1.7%
Smart meters & solutions in Japan	3,965	3,500	△465	△11.7%
Smart meters & solutions overseas	1,477	2,200	722	+ 48.9%
Real estate	270	100	△170	△63.0%
Adjustment	△12	—	1 2	—
Ordinary profit	5,386	5,700	313	+ 5.8%
Profit attributable to owners of parent	3,504	3,600	95	+ 2.7%

FX Rate (JPY/USD)	151.69	140.00	
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Japan

Increased sales

Decreased Profit

【 Sales 】

- The smart meter business is expected to see increased revenue due to progress in the transition to second-generation smart meters.
- The solutions business and the switchgear business are expected to exceed the previous year's results

【 Profit 】

- Decrease in profit due to an increase in depreciation associated with the launch of second-generation smart meters and a rise in selling, general and administrative expenses, primarily personnel costs

Overseas

Decreased sales

Increased Profit

【 Sales 】

- Increased revenue due to the continued government-led smart meter project in the UK and steady shipments under existing contracts in the Middle East and Africa
- While increased revenue is expected on a US dollar basis, decrease in revenue is expected through appreciation of yen in the assumed exchange rate (1 USD = ¥151.7 → ¥140.0)

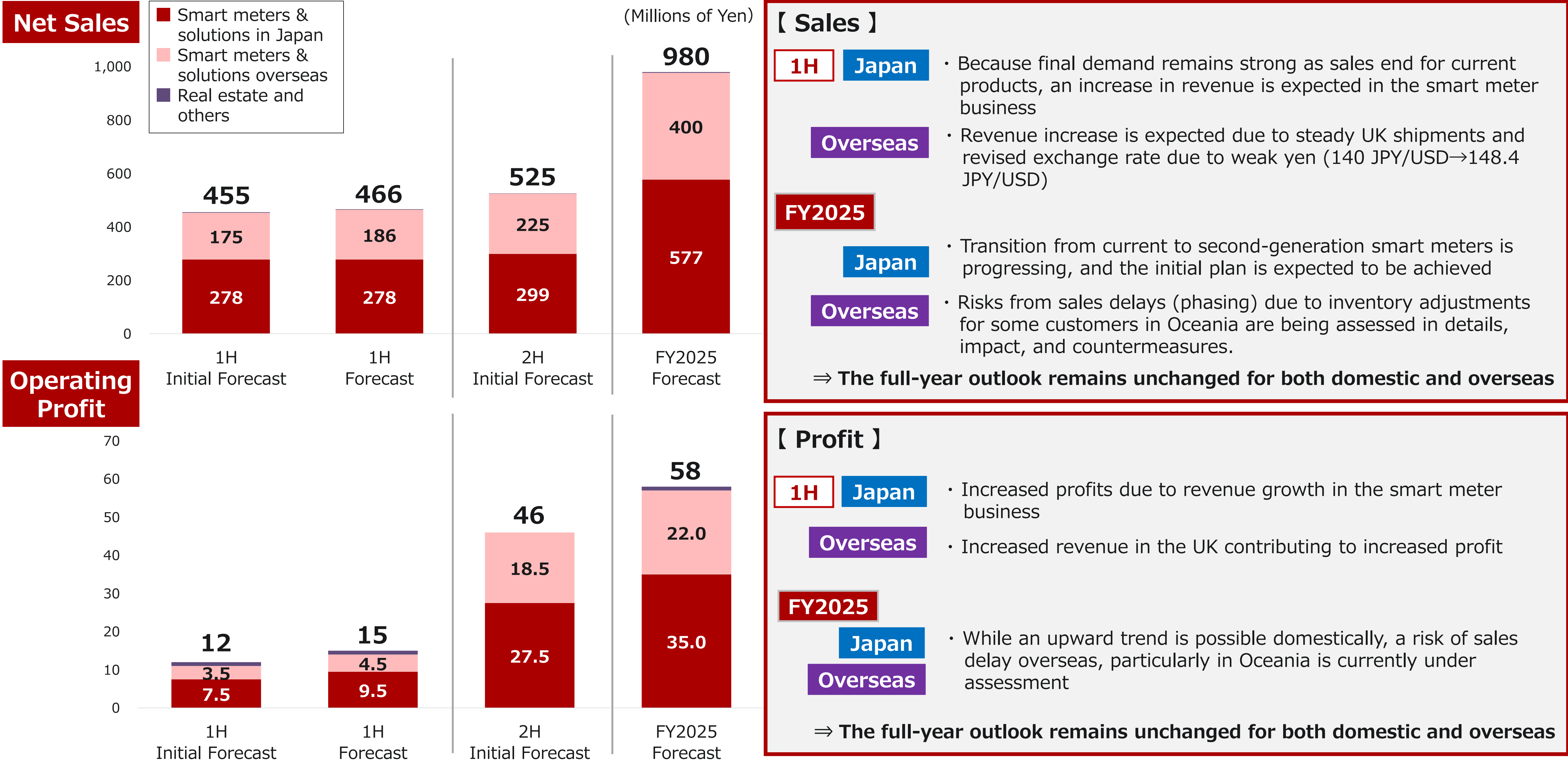
【 Profit 】

- Profit is expected to increase due to higher sales and a reduction in selling, general and administrative expenses resulting from progress in organizational restructuring.

1. FY2025 Financial Forecast

FY2025
Full year

Against the
initial forecast



2. Overview by Business Portfolio

Net Sales

(Millions of Yen)

FY2024	FY2025		
Q1 Actual	Q1 Actual	Full-Year Forecast	Progress Rate (Q1)
8,372	9,381	36,700	25.6%

Q1 Actual

<Current smart meter>

- Due to strong final demand before the sale of second-generation smart meters, revenue increased year on year

<Second-generation smart meter>

- Build-out of production system completed (Phase 1)
⇒ Production will commence in July 2025
- Automation and labor saving through the use of AI to achieve improved quality

Second-Generation Smart Meter

▼Commencement of mass production ceremony



▼Automated production line



Full-Year Forecast

Expecting to be in line with initial plan

<Second-generation smart meter>

- Shipments will start in 2H, with full-scale shipments beginning in Q4
- Depreciation expenses will accrue from Q2 and temporarily affect earnings, but improvement is expected as volume increases in Q4
- Following complete build-out of production line (Phase 1), Phase 2 build-out starts
- Challenge to exceed the initial forecast

2. Overview by Business Portfolio

Solutions Business
in Japan



Net Sales

(Millions of Yen)

FY2024	FY2025		
Q1 Actual	Q1 Actual	Full-Year Forecast	Progress Rate (Q1)
2,580	2,740	13,000	21.1%

Q1 Actual

<Non-utility meters>

- Due to market conditions, performance decreased slightly year on year

< GX services>

- Slight delays compared to the initial plan, but increased year on year through new customer acquisitions and expanded energy management services to existing customers

<Smart lock>

- Sales increased year on year as customer inventories normalized. Despite delays, efforts are focused on launching new products

▼ Non-utility Meters



▼ Energy Management Service



Full-Year Forecast

Expecting to be in line with initial plan

<Non-utility meters>

- We anticipate achieving the full-year plan by capitalizing on market recovery and making up for H1

< GX services>

- Continue new customer acquisitions and expanding sales activities to existing customers

<Smart lock>

- Sales expansion through launch of new products (expanding installation areas etc.)

*Non-utility meter collectively refers to meter products distributed to customers other than electric power companies

2. Overview by Business Portfolio

Net Sales

(Millions of Yen)

FY2024	FY2025		
Q1 Actual	Q1 Actual	Full-Year Forecast	Progress Rate (Q1)
1,489	1,289	8,000	16.1%

▼ Switchgear



Q1 Actual

- Smooth performance as corporate capital expenditures remained steady
- The industrial sector experienced year-on-year revenue decrease due to changes in customer delivery schedules

Full-Year Forecast

Expecting to be in line with initial plan

- Smooth performance expected with demand for data centers
- Steady performance anticipated in line with initial plan for electric utilities and industrial sector

2. Overview by Business Portfolio

Overseas : Oceania

Net Sales

(Millions of Yen)

FY2024	FY2025		
Q1 Actual	Q1 Actual	Full-Year Forecast	Progress Rate (Q1)
4,469	3,653	19,500	18.7%



Q1 Actual

- Due to customer inventory adjustments, performance was sluggish, especially in Australia
- Development and production preparation of the next-generation meter NEOS progressed as planned

Full-Year Forecast

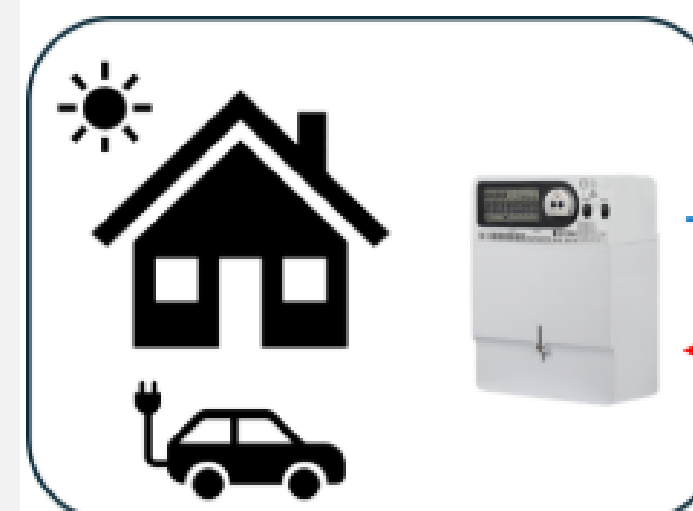
Expecting to be in line with initial forecast

- New demand in Australia and renewal demand in New Zealand continue
- Although continued inventory adjustments by some customers present a risk in Oceania, sales and operating profit in 2H are expected to increase
- Aiming to improve profit margins through introduction of next-gen meter NEOS

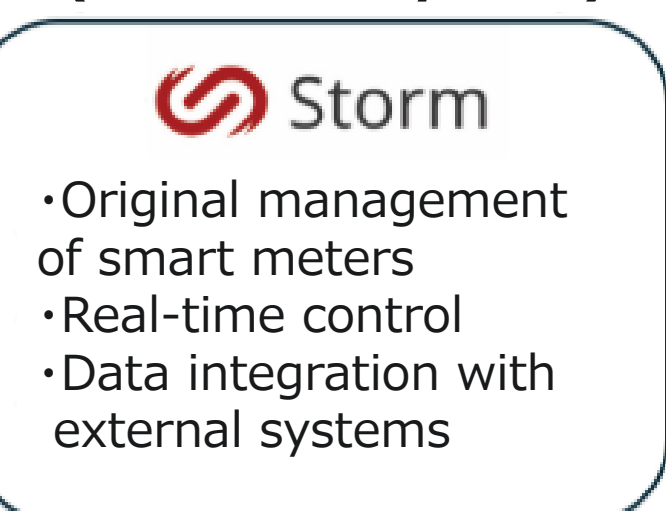
Next-generation meter : NEOS

- Introducing next-gen smart meter NEOS. Utilizing this product to upgrade existing systems. Orders start from July
- In addition to high-function, high-value-added products and services that reflect customer needs, greater profitability expected through fundamental review of meter's hardware structure

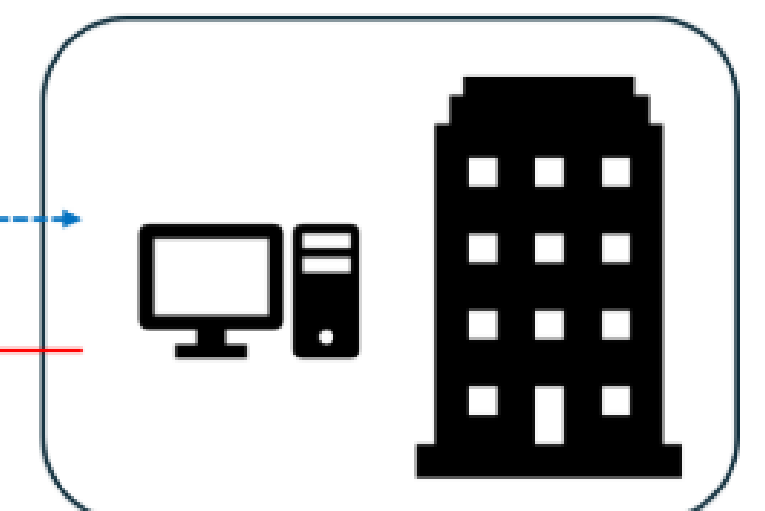
Next-generation meter "NEOS"



Parent system (Head-end system)



Electric Company



2. Overview by Business Portfolio

Overseas :
Europe(UK)



Net Sales

(Millions of Yen)

FY2024	FY2025		
Q1 Actual	Q1 Actual	Full-Year Forecast	Progress Rate (Q1)
2,461	3,949	13,000	30.4%



Q1 Actual

- Shipments were steady due to continuation of Smart Meter Project
- Profit margins improved due to increased shipments as well as cost reduction efforts

Full-Year Forecast

Expecting to be in line with initial forecast

- Steady shipments for the government Smart Meter Project
- Aiming to improve profit margins through selective order acceptance focused on profitability and cost reduction

2. Overview by Business Portfolio

Overseas: Asia/
The Middle East &Africa



Net Sales

Asia

(Millions of Yen)

FY2024	FY2025		
Q1 Actual	Q1 Actual	Full-Year Forecast	Progress Rate (Q1)
1,325	800	4,000	20.0%

Q1 Actual

- Revenue decreased due to a decline in product demand in contrast to a temporary surge in the prior year
- Profit margins improved due to increased sales of industrial meters

Full-Year Forecast

Expecting to be in line with initial forecast

- Both household and industrial meters are expected to be in line with initial plans

The Middle East &Africa

(Millions of Yen)

FY2024	FY2025		
Q1 Actual	Q1 Actual	Full-Year Forecast	Progress rate (Q1)
487	48	3,500	1.4%

Q1 Actual

- Continued selective order acceptance based on credit risk, resulting in a year-on-year revenue decrease
- Profit margins improved due to cost reductions

Full-Year Forecast

Expecting to be in line with initial forecast

- From Q2 onward, expecting increased shipments by steadily executing sales of existing contracts with customers

3. Shareholder Returns (1)

Dividends

Aiming to provide stable dividends under the dividend policy, with continuous dividend increases driven by profit growth

■ In May 2025, the dividend policy for FY2025 onwards was revised with a higher DOE benchmark

【Before revision】

Dividends to be determined based on the higher of **DOE 2%** or payout ratio 30%

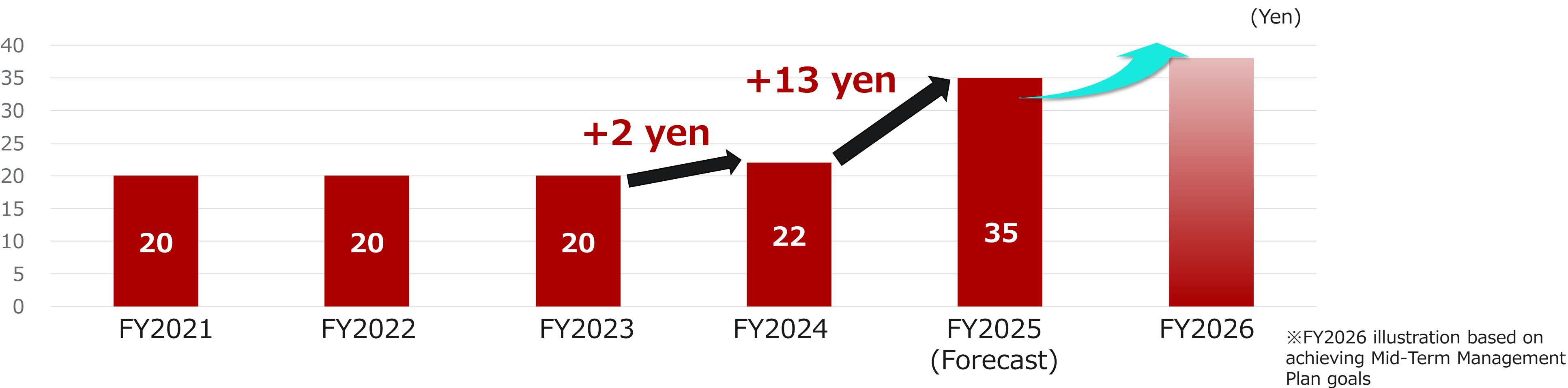
【After revision】

Dividends to be determined based on the higher of **DOE 3%** or payout ratio 30%

▶ Following the dividend policy revision, **FY2025 annual dividend per share forecast is 35 yen**, a 13 yen increase from FY2024

■ From FY2026, further dividend increases are targeted through profit growth (payout ratio)

【Dividend per share】



3. Shareholder Returns (2)

Share Buybacks

Continuous review of share buybacks based on cash, capital needs, performance, stock price, and investment plans. Treasury shares will be capped at 5% of total shares, and unused shares will be retired.

Resolved to share buybacks in August 2024; acquisition completed in August 2025

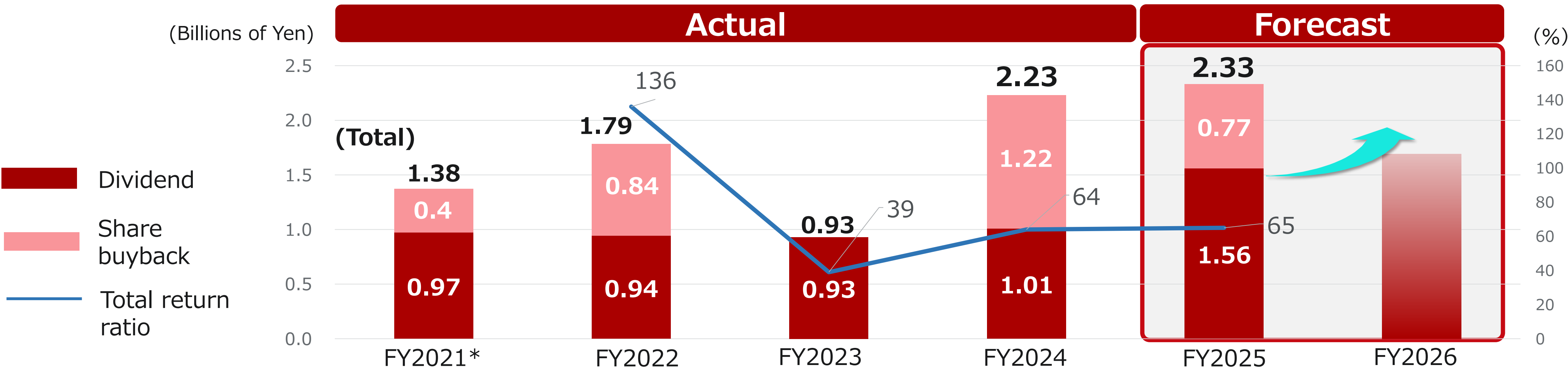
【 Background 】

- Our company’s stock price has been sluggish
- The decision was made based on available cash, working capital, and proceeds from the sale of real estate and policy-held shares

- Period : **Aug 2024 to Aug 2025**
- Number of shares : **2.5 million shares**
- Total amount : **2 billion yen**
- Cumulative shares repurchased / Total acquisition cost : **2.42 million shares / 1.96 billion yen** (as of July 31.2025)

【Trend in shareholder returns】

Mid-Term Management Plan Period



*The total shareholder return ratio for FY2021 is not calculated due to a net loss for the fiscal year

4 Topics

1. Current Sustainability Activities

2025

Feb

Established four policies to contribute to the realization of a sustainable society

- Established four new policies deemed necessary from ESG perspective regarding corporate social responsibility
 - ① **OSAKI Electric Group Environmental Policy**
 - ② **OSAKI Electric Group Human Rights Policy**
 - ③ **OSAKI Electric Group Social Contribution Policy**
 - ④ **OSAKI Electric Group Anti-Corruption Policy**
- Established CSR Procurement Guidelines

May

UN Global Compact endorsement announcement

- Support for the 10 principles related to human rights, labor, environment and anti-corruption with a strong commitment from top management



Jun

Established a Working Group within our sustainability promotion committee

- Established Environmental Promotion WG and Human Resources Promotion WG
- Accelerating the planning, drafting, and execution of specific measures

Newly adapted as a component of ESG index

- First-time selection to representative indices in ESG investment
 - ① **FTSE Blossom Japan Index**
 - ② **FTSE Blossom Japan Sector Relative Index**

▼ ESG index for GPIF companies our company comprise



FTSE Blossom
Japan Index



FTSE Blossom
Japan Sector
Relative Index



| (Reference) For a Better Understanding of Our Company

Philosophy
(Purpose)

**We create new value for society
through visualization of the invisible**

Vision

Global Energy Solution Leader

Values

Challenges

Innovation

Promptness

**Dedication
to Society**

Business Overview from a 3C Perspective

Smart meters in Japan (1)



● Manufacture and sale of smart meters for electric utilities and non-utilities

Sales Ratio For utilities Approx. **85%** For non-utilities customers Approx. **15%**

Smart meters for utilities (Japan)

Smart Meter Business

Mechanical Meters



- Power consumption measured via rotation of central disk
- No communication function, meter reads visit each household for manual reading

Current Smart Meters

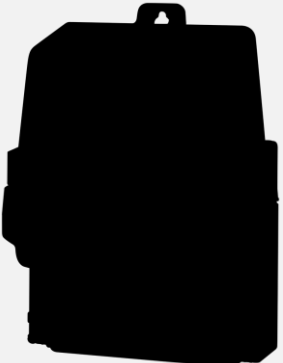
2014~



- Equipped with comms capability that enables remote reading by utilities
- Achieved weight reduction compared to mechanical meters

Second-Gen Smart Meters

2025~



- Enables rapid outage detection
- Supports power stability amid renewable energy expansion

Point!

Service life of smart meters is **10 years** (7 years for some models)

In accordance with Japan's Measurement Act

Customers

Electric utilities and affiliated power companies
(Meters are purchased by electric utilities and installed in households as utility-owned assets)

Competitors

- Mitsubishi Electric
- Fuji Electric
- Takaoka Toko

(Market share by company not disclosed)

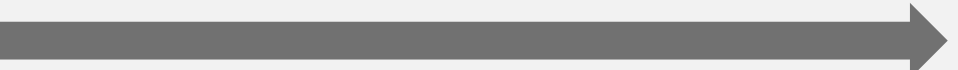
Our competitive advantages

- Product line up
- Production/Delivery capability
- Sales and service structure (incl. group-wide collaboration)

Manufacturing sites

- Saitama
- Osaka

Sales channel



Utilities

Sales Ratio

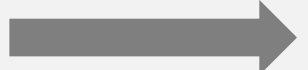
Approx. **80%**



Supply components



(Assembling meters)



Utilities

Approx. **20%**

Smart meters for non-utilities (Japan)

Solution Business

Main customers (End users)

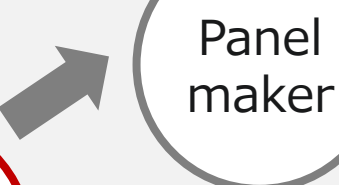
- Office buildings
- Commercial facilities
- Logistics warehouses
- Station buildings

Etc.

Purpose

- Monitoring of electricity usage by individual tenants and residential units
→ Used for allocating electricity charges
- Meter reading and billing operations for electricity usage

Sales channel



Competitors

- Mitsubishi Electric
- Fuji Electric
- Takaoka Toko

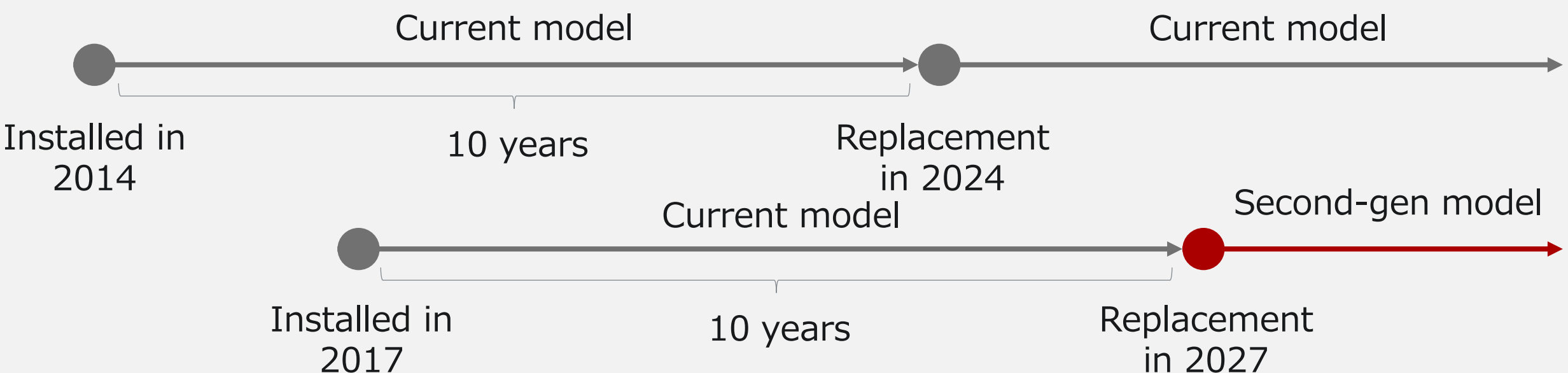
■ Sales volume trends for smart meters for utilities (Overview)

Smart meter business

Smart meter replacement cycle

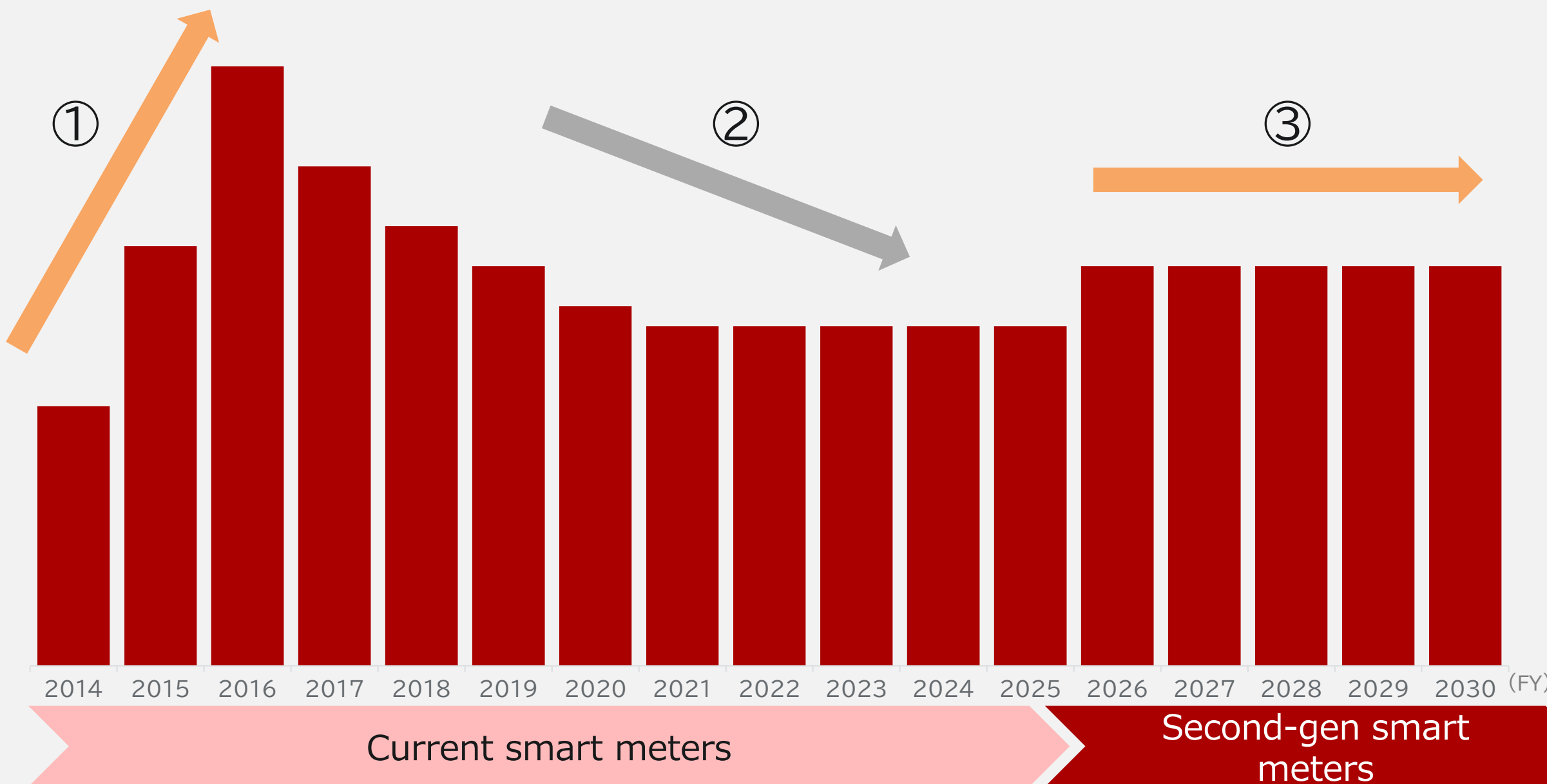
- The service life of residential smart meters is 10 years, as stipulated by the Measurement Act
- Current models are being replaced with the same type until the launch of the second-generation model
(Example: Units installed in 2014 are being replaced with current models in 2024)

● Replacement cycle overview



Sales volume trend

(Graph height for illustrative purposes only)



FY2014~2017 (Installed current smart meters) ①

- Smart meter installations accelerated in response to electricity retail market liberalization
- ⇒ Smart meter installations expanded rapidly between 2015 and 2018
- Our production volume reached a record high in FY2016

FY2020~2024 ②

- Smoothing the installation volume of smart meters
- Replacement demand for initially installed smart meters (current model to current model)

FY2025~ (Installing second-gen smart meters) ③

- Mass introduction of second-gen smart meters begins in FY2025

※ This graph presents an illustrative view of past trends and future projections for smart meter volumes, not the specific capital plans of individual utilities.

Business Overview from a 3C Perspective

Solution business (partial) /Switchgear



Smart Locks Solution business

Product Features



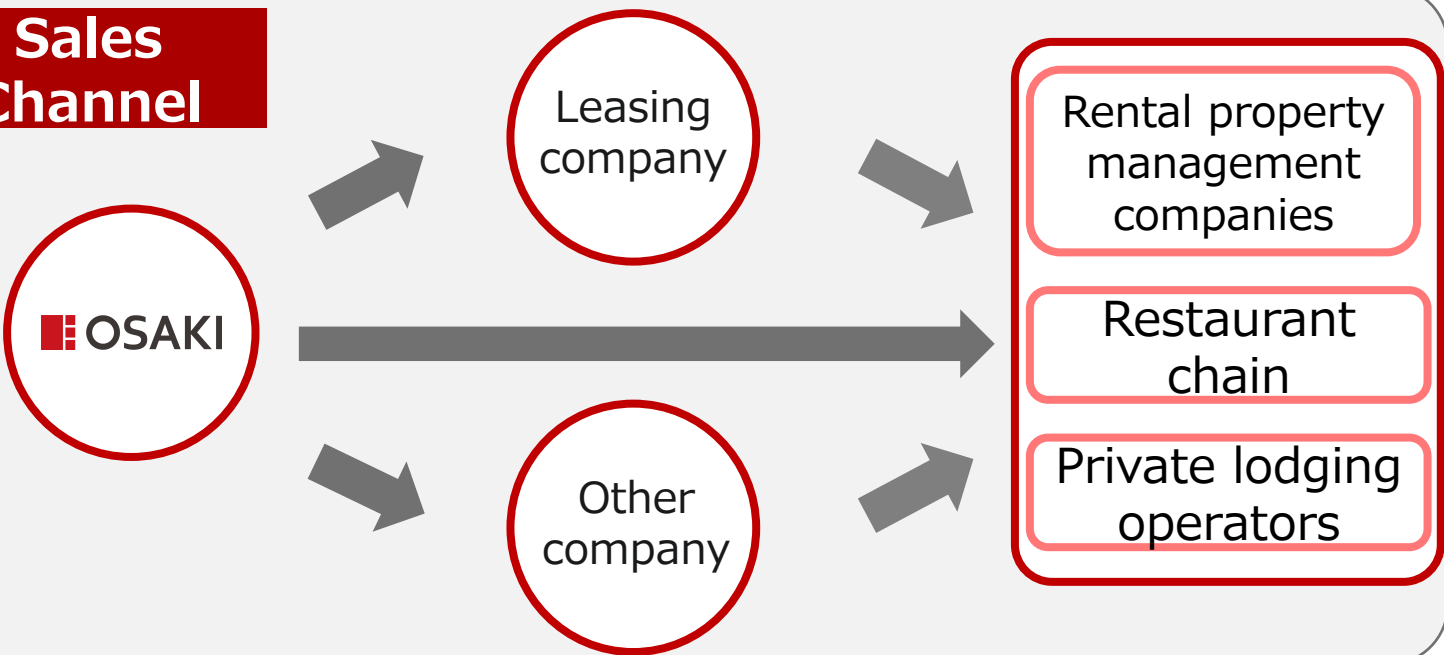
OPELO

- IC cards and smartphones equipped with key functionality
- Supports direct entry unlock using a password
 - No unlocking errors caused by hacking risks or communication failures
 - OTP generation feature available
- Integrated with existing door cylinder
 - Robust and enhanced security

Main customers

- Major rental property management company
 - Major restaurant chain
 - Private lodging operators
- Etc.

Sales Channel



Competitors

- Smart lock operators
- Major lock manufacture

Green Transformation services Solution business

Product Features



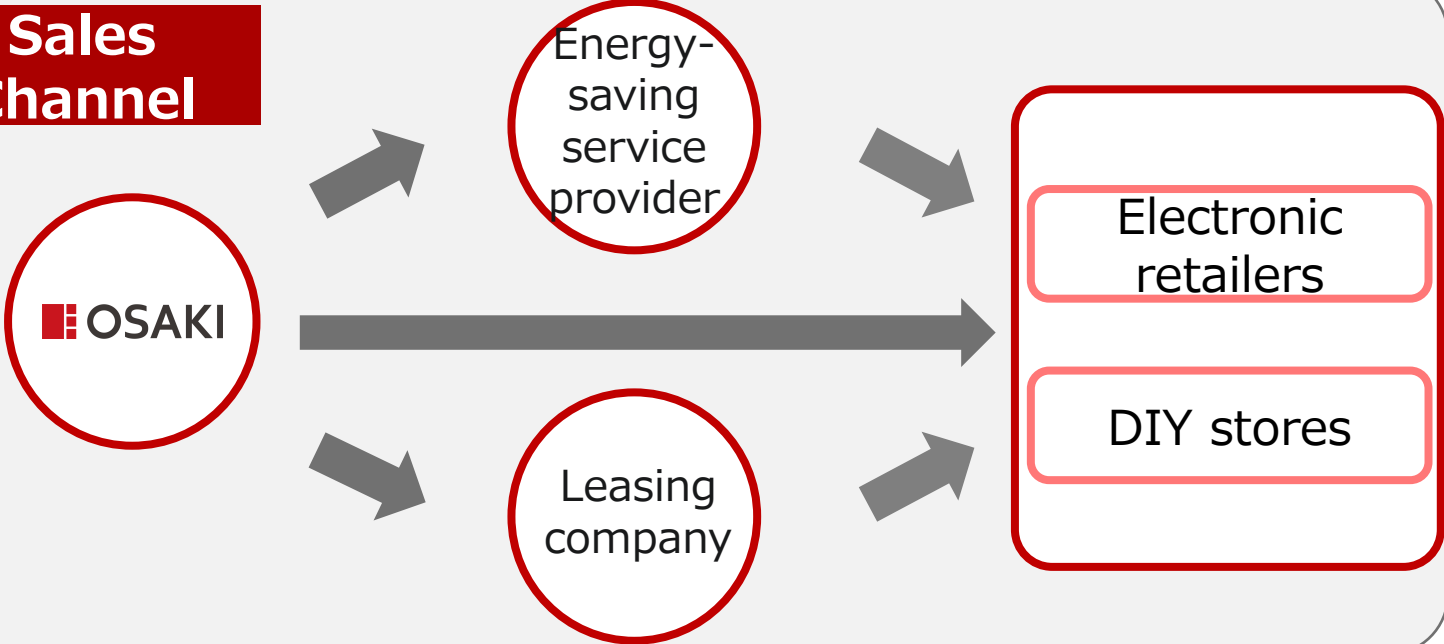
Energy Management Service

- Service for visualizing equipment-level power usage to optimize energy and cost savings
- Automated control reduces on-site operational burden
- Distinctive for its attentive and detailed after-sales service not offered by competitors

Main customers

- Primarily major retail companies
- Consumer electronics retailers
 - DIY stores
- Etc.

Sales Channel



Competitors

- EMS provider for retailers

Switchgear Switchgear business

Product Features



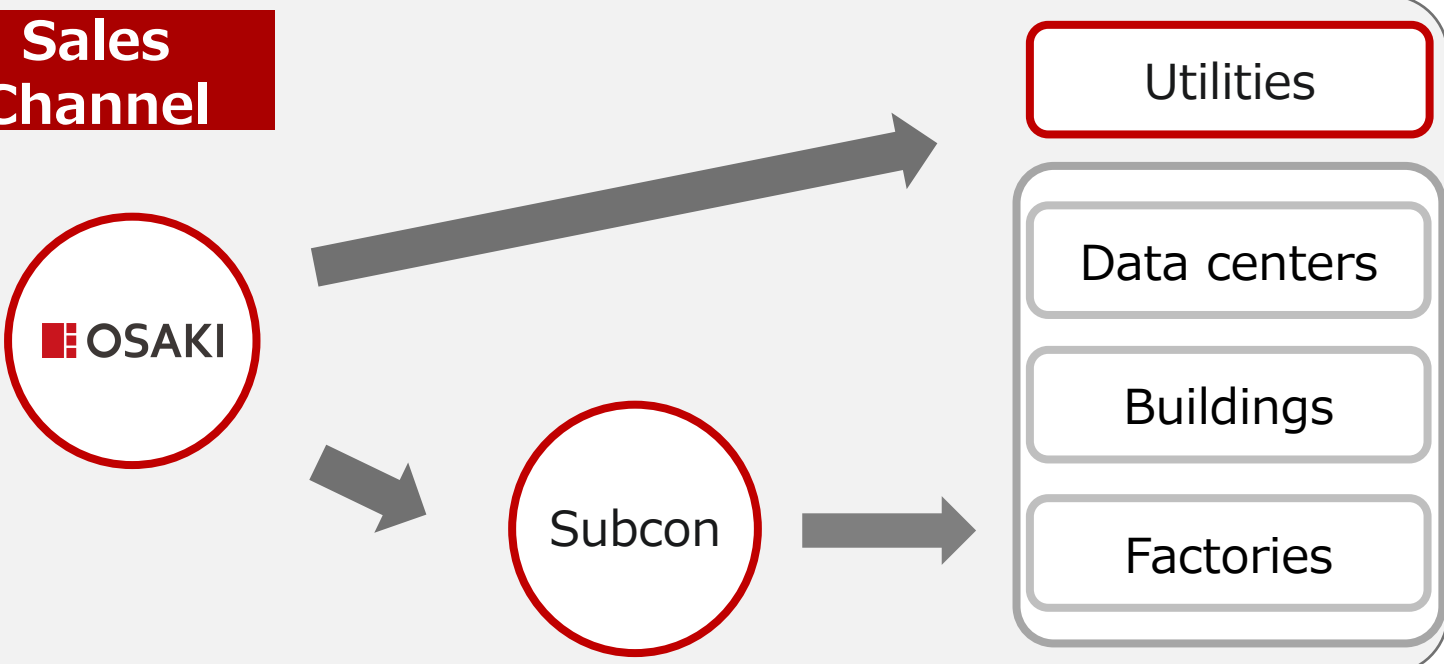
Distribution panel/Power distribution board etc.

- Utility and industrial segments
- Industrial demand is expanding, driven by data center growth
- Supplying transfer switches, PDUs & PDPs for data centers

Main customers

- Electric utilities
 - Via electrical contractors:
 - Data center
 - buildings
 - Factories
- Etc.

Sales Channel



Competitors

- Switchboard makers (Particularly small and medium-sized panel makers)

Business Overview from a 3C Perspective

Smart meters & solutions (Overseas)



Product

- Overseas metering business is operated by EDM I Limited, a group company
- Developing a solution business using smart meters (electricity, gas, and water) and Head End System
- Oceania is the core market, with business expansion centered in Europe and Asia

Residential smart meter

Current smart meters 2005~



- Functions are essentially the same as in Japan
- Offering models customized for varying requirements by country
→ Anti-tamper, Prepaid meter, etc
- Operating with a high-mix, low-volume production model

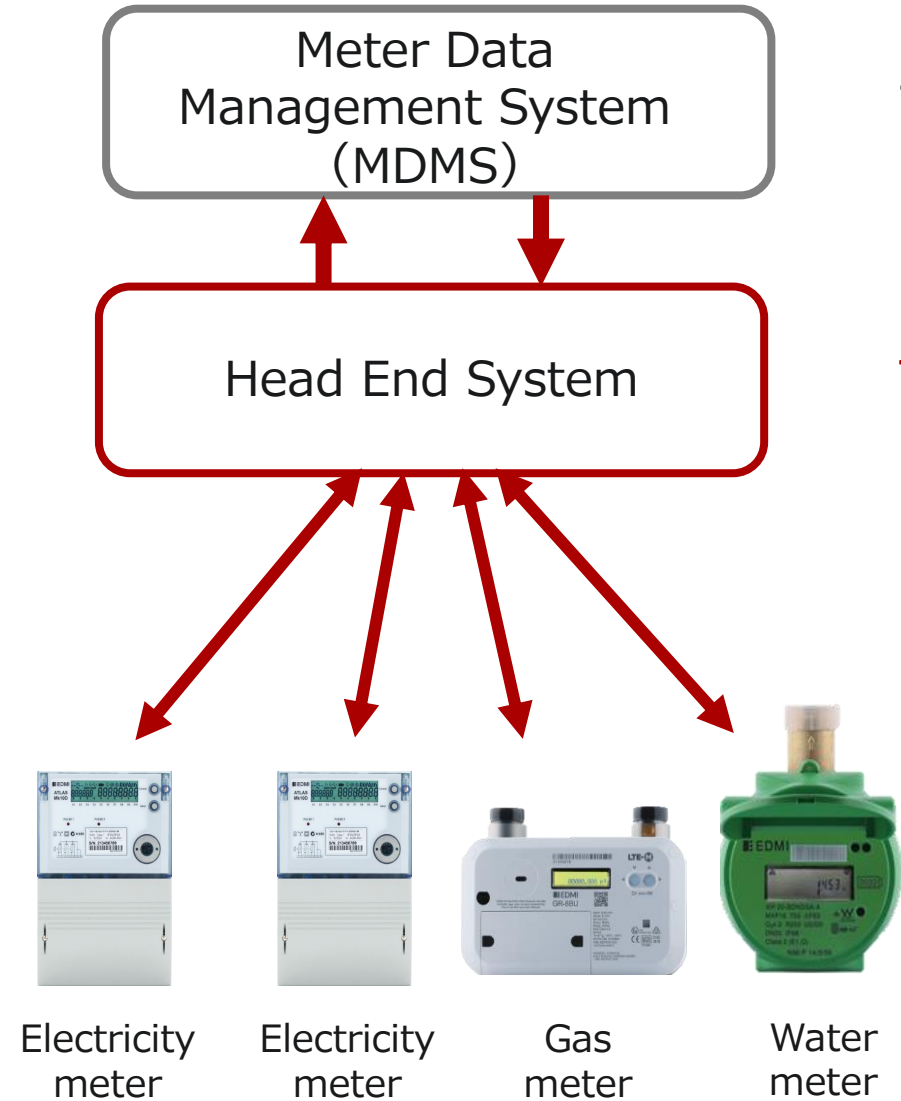


Next-gen smart meters (NEOS series) July 2025~



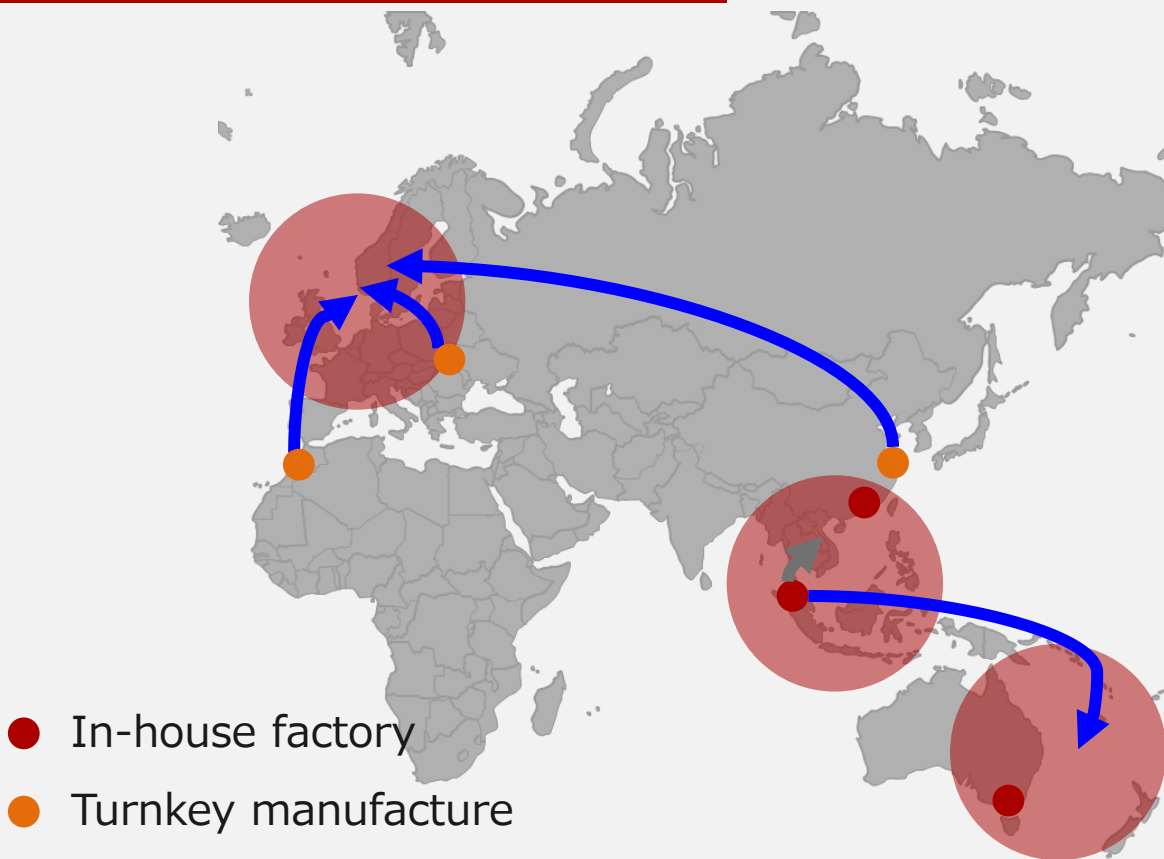
- Standardized on a single design platform
→ Easy integration with metering system
→ Product cost reduction
- Comms module can be retrofitted
→ Improved adaptability to various comms technology

Metering system



- MDMS owned by utilities
- System for interfacing smart meters with MDMS
- Aggregates smart meter data, formats and encrypts it, then transmits to MDMS
- Transmits instructions from the utility (MDMS) to each smart meter

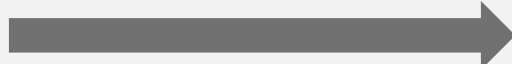
Manufacturing sites



Main customers

- Power utilities
- T&D operators
- Gas operators
など

Sales channel



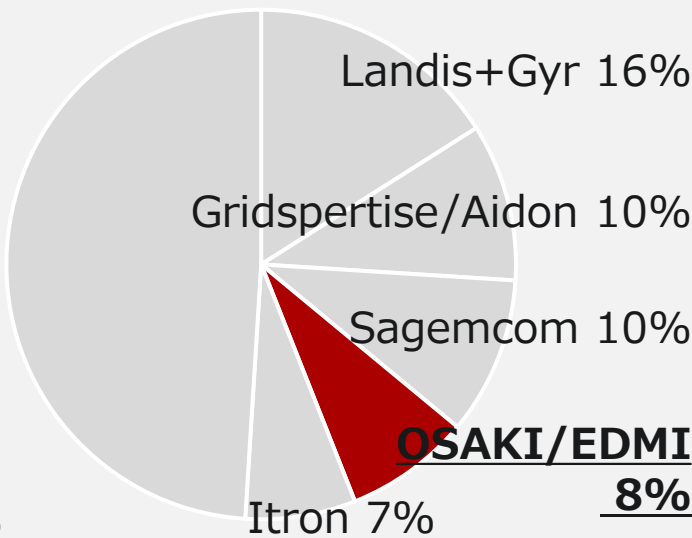
Power Utilities

T&D operators

Gas operators

Competitors

- 4th globally in unit share (Osaki+EDMI)
- High market share in Oceania
→ Australia: Over 70% (Five eastern states)
New Zealand: Over 70%



*Data source: 2024 Northeast Group, LLC - Global Electricity Metering Market Dataset (2024-2033) Executive Summary
GLOBAL AMI MARKET SHARE -METER COMMUNICATIONS (Annual, 2023)

Highlights

- Driving structural transformation
→ Shift from four-region to two-region operational management
→ Strengthening solution business combined with smart meters
- Reinforcing the C&I metering business
→ Reinforcing C&I metering solutions for factories and other industrial facilities
→ Expanding business with a focus on Asia

Strategy by Segment

(Excluding Real Estate Business)

Smart Meter Business (excluding Non-Utility Meters*)

*Non-utility meter refers to meter products distributed to customers other than electric power companies



Forecast of changes in the external environment (up to around 2027)

Politics (Laws, regulations, policies, etc.)	•Acceleration of policy addressing climate change •Enhanced efficiency of electric power supply •Expansion of decarbonized power sources (wide adoption of renewable energy) •Grid maintenance •Reinforcement of disaster resilience
Economy (Economic climate, interest rates, foreign exchange rates, etc.)	•Increase in electricity demand with progress of AI・DX・GX •Stronger ESG・SDG engagement by companies •Increase in power procurement costs and diversification of power transaction methods •Inflation (greater material procurement risk)
Society (Consumer trends, lifestyle changes, etc.)	•Progress in decarbonization toward achieving carbon neutrality •Further electrification (e.g. increase in purchases of electric vehicles) •Rising energy prices affect people's lives
Technology (Innovation, advancement of existing technologies, etc.)	•Sophistication of grid and supply/demand operations •Upgrading of telecommunications standards •Expansion of IoT, advances and generalizations in AI technologies, and advances in DX



Internal/external environment summation (SWOT analysis)

<Strengths> • Strong customer relations built on many years of business performance • High level of expertise necessary in engaging with electric power companies • Sole domestic manufacturer specializing in smart meters • Stable supply capacity through two domestic production bases and a nationwide network • Recognition and personal relations in the electricity industry • Accumulated technological know-how through in-house design and production, high quality, and quick delivery response → Top share in the domestic market	<Weaknesses> • Differentiation is difficult for products principally based on customer specifications • Customer proposal-making capability remains a challenge • High cost structure due to high in-house production ratio
<Opportunities> • Periodic replacement demand (meter validity specified by Measurement Act) • Forming part of national power grid upgrading policies • Sophistication of power grid operation utilizing power data • Expansion of joint meter reading for electricity, gas, and water • Labor-saving needs in response to labor shortages • Expansion of electrification (strengthen initiatives for carbon neutrality)	<Threats> • Amendment of the Measurement Act (extension of validity) • Investment cuts and planning delays by electric power companies • Intensifying competition due to new entry and expansion both domestically and overseas • Fewer electric power contracts as population declines • Rising raw material and distribution costs • Disruptions in the component supply chain due to geopolitical risks

Business strategies for achieving the Mid-Term Management Plan (As of May 2025)

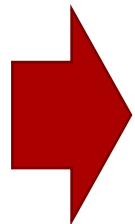
FY2025	(Specific Measures)
● Build business foundation to expand sales of second-generation smart meters (launched in latter half of H1 2025) • To acquire top market share • Building a production organization • Cost reductions in design-production-shipment processes, optimization of SG&A expenses ● Preserve profitability in final demand cycle of current smart meters • Securing “last buy” demand and profits ● Expand profitability of products other than smart meters • New and renewed demand for VCT (transformers in electric power supply/demand instruments)	• Implement an order-receiving strategy to appeal to customer needs • Build production lines with AI utilization and higher automation rates (Reduce costs by saving labor and shortening production L/T) • Distribute procurement risks through diversification of suppliers, reduce procurement costs through joint group procurement • Maintain optimum inventory levels that achieve both delivery deadlines and inventory reduction • Prevent defects by strengthening the quality control system



FY2026	(Specific Measures)
● Reinforce a strong, profitable structure centered on second-generation smart meters • Expand market share by providing competitive QCD • Complete switchover of product lineup • Strengthen profitability by improving production efficiency and capacity utilization ● Expand profitability of products other than smart meters • Production efficiency of VCT (transformers in electric power supply/demand instruments), etc.	• Continue key measures of FY2025 • Enhance further the production organization and quality control organization in response to increased sales (increased production volume)

Forecast of changes in the external environment
(up to around 2027)

Politics (Laws, regulations, policies, etc.)	•Acceleration of policy addressing climate change •Enhanced efficiency of electric power supply •Expansion of decarbonized power sources (wide adoption of renewable energy) •Grid maintenance •Reinforcement of disaster resilience
Economy (Economic climate, interest rates, foreign exchange rates, etc.)	•Increase in electricity demand with progress of AI・DX・GX •Stronger ESG・SDG engagement by companies •Increase in power procurement costs and diversification of power transaction methods •Inflation (greater material procurement risk)
Society (Consumer trends, lifestyle changes, etc.)	•Progress in decarbonization toward achieving carbon neutrality •Decline in the working-age population (greater labor-saving needs) •Further electrification (e.g. increase in purchases of electric vehicles)
Technology (Innovation, advancement of existing technologies, etc.)	•Expansion of IoT, advances and generalizations in AI technology, and advances in DX •Innovations in storage battery technology (high density, durability, low cost, etc.) •Advances in semiconductor technology



Internal/external environment summation (SWOT analysis)

<Strengths> (Non-Utility Meter) • High in-house production ratio and extensive lineup • Accumulated know-how through in-house design and production, high quality, quick delivery response • High recognition in the industry (sole specialized manufacturer in Japan) → Top share in the domestic market • DC meter conforming to legal metrology system requirements (GX) • High recognition in the industry (Demand monitoring equipment, meter reading systems, etc.) • Strong delivery record (Energy Management System) (Smart Lock) • Strong delivery record	<Weaknesses> (Non-Utility Meter) • High cost structure due to high in-house production ratio • Strengthening marketing and proposal-making capabilities is an issue (GX/Smart Lock) • Inadequate installation and service organization for business expansion • Insufficient server-system development and build capacity for service platform • Lack of resources to develop new products (IoT technology, etc.) • Flexible management according to project characteristics
<Opportunities> (Non-Utility Meter) • Definite replacement demand (validity specified by Measurement Act) • Expansion of measurement domain to distributed power sources, storage batteries, etc. • Expansion of existing and new business through revisions to laws (Specific Measurement System, Distribution License System, etc.) (GX) • Expansion of new business through revisions to laws (Electric Security, Smart Security) • Growing demand for energy management systems spurred by soaring energy procurement prices and development of electricity trading market	<Threats> (Non-Utility Meter) • Amendment of the Measurement Act (extension of validity) (Non-Utility Meter/GX/Smart Lock) • Investment cuts and delays in investment plans by customers • Commoditization of principal products • Intensifying competition due to new entry and expansion of domestic and overseas manufacturers • Market contraction due to declines in population and new residential construction • Rising raw material and distribution costs • Disruptions in the component supply chain due to geopolitical risks

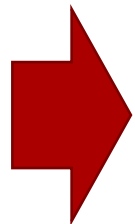
Business strategies for achieving the Mid-Term Management Plan (As of May 2025)

FY2025		FY2026	
(Specific Measures)		(Specific Measures)	
● Non-utility meter • Expand market share • Reduce cost by building an optimal production system (Production synergies with utility smart meters) • Gain clientele (Direct current meters, specified measuring instruments, etc.) • Create new markets (Smart Security within electric security domain) ● GX • Expand sales of automatic meter reading systems • Launch storage battery EMS (trade name: SmaRe: C) ● Smart Lock • Expand installation scope (expand sales) • Reinforce quality and delivery response	● Non-utility meter • Strengthen sales activities to expand sales of new models (Stronger management of replacement demand to ensure sales) • Expand direct-current meter lineup (introduce new products) • Expand collaboration to advance into "Smart Security" ● GX • Strengthen marketing function and sales-expansion organization (Storage battery EMS(SmaRe: C), automated meter reading) ● Smart Lock • Expand sales by launching new products (OPELOII, etc.) • Prevent quality defects by strengthening quality control system • Maintain appropriate inventory levels that meet delivery deadlines and reduce inventory	● Continue FY2025 strategies in each area ○ Steadily implement efforts for two years towards establishment of highly profitable organization and extract success • For smart locks, reduce costs and optimize SG&A expenses through the value chain	● Continue key measures of FY2025 in each area



Forecast of changes in the external environment
(up to around 2027)

Politics (Laws, regulations, policies, etc.)	- Intensifying trade war and supply chain disruption in the U.S. and China - Acceleration of global policies addressing climate change - Greater geopolitical risks due to regional conflicts, etc.
Economy (Economic climate, interest rates, foreign exchange rates, etc.)	- Global slowdown due to inflation and other factors - Erratic exchange rate fluctuations - Increase in electricity demand due to the progress of AI・DX・GX - Stronger ESG・SDG engagement by companies
Society (Consumer trends, lifestyle changes, etc.)	- Progress in decarbonization toward achieving carbon neutrality - Decline in environmental awareness in some countries - Rising energy prices affect people's lives (Increased awareness of electricity essential but high cost) - Further electrification (e.g. increase in purchases of electric vehicles)
Technology (Innovation, advancement of existing technologies, etc.)	- Expansion of IoT and edge computing, advances and generalizations in AI technology, and advances in DX - Expanding renewable energy and energy storage systems - Expansion of cybersecurity risks and strengthening of countermeasures - Lack of specialized skills and data skills (lack of specialized personnel)



Internal/external environment summation (SWOT analysis)

<Strengths> - Solid market base through stable relationships with customers (particularly in Oceania and the United Kingdom) - High-level intellectual property and IoT technologies for high-precision meters - Continued profitability in cloud solutions	<Weaknesses> - Challenges in productivity and supply chain management - Efficiency of R&D investment - Insufficient market penetration outside Oceania and the United Kingdom - Lack of experience in solution business outside Oceania - Shortage of products and services that cover the entire power grid other than meters
<Opportunities> - Growing demand for grid monitoring and control (Increase in power demand, measures against aging of power grid) - Rising demand for solutions with renewable energy-derived electric power (Background to broader adoption of electric vehicles, roof-mounted photovoltaic power generation, and storage batteries) - Commercial opportunities for non-Chinese companies due to trade wars between the United States and China	<Threats> - Rise of China manufacturers (intensified competition) - Difficulty in procuring parts made in China and longer delivery times - Shift to commoditization of smart meters (lower profit margin) - Presence of major competitors with low-pricing strategies - Growing cybersecurity threats

Business strategies for achieving the Mid-Term Management Plan (As of May 2025)

FY2025 (Specific Measures)		FY2026 (Specific Measures)	
- Transform into a true solution business - Redesign the entire supply chain - Optimize costs and mobility through organizational restructuring - Dispose of legacy business with low profitability	- Start mass production of next-generation residential meters - Release prototype high-performance next-generation meter for power transmission and distribution - Release prototype of Edge Intelligence platform - Develop products/services that exceed conventional AMI (smart meter systems) - Build a global supply chain - Optimize manufacturing lead time - Globally standardize systems and business processes - Reduce excess finished goods inventory - Identify potential markets outside Oceania and the United Kingdom - Reorganize structure and capabilities in line with the direction of the solutions business	- Develop large-scale markets outside Oceania and the United Kingdom - Expand the provision of software solutions - Develop new core products in addition to next-generation meters by streamlining our product lineup	- Multinational expansion of next-generation meters - Start mass production of high-performance next-generation meters - Launch Edge Intelligence in Europe and Oceania - Expand sales of software services - Optimize the supply chain further (Reduction of working capital) - Reduce SG&A further (automation and strengthening of data-driven systems) - Win orders in markets other than Oceania and the United Kingdom - Reinforce R&D further (Toward solutions business transition: focus on software, data)



Expected External Environment and Risk/Opportunity Responses (as of July 2025)

Expected External Environment	Major Expected Risks [R] and Opportunities [O]	Key Countermeasures
Heightened Geopolitical Risks	【R】 Reduced demand and increased credit risk due to regional conflicts and political instability 【R】 Supply chain disruptions	• Quickly capture risk information and apply selective order-taking • Diversify procurement through new supplier development and shifting orders
U.S. Additional Tariff Measures	▶ OSAKI Group does not operate in the United States, and the direct impact is minimal 【R】 High-tariff countries may face domestic economic downturns. If affected countries include those supplying key materials, delays in timely procurement could impact the Company's supply chain.	
Rapid Fluctuations in Foreign Exchange Rates	【R】 Depreciation of the domestic currency (e.g., weaker yen) → Higher procurement costs for imported materials 【R】 Appreciation of the domestic currency (e.g., stronger yen) → Decline in overseas subsidiaries' performance in yen terms	• Forward contracts to hedge currency fluctuations • Mitigate impact through design modifications and material reviews assuming higher import material prices
Rising Raw Material Costs Due to Inflation	【R】 Surging raw material prices, including copper and resins	• Impact mitigation through design and material changes
Utility Volatility from Economic Downturn and Oil Prices	【R】 Reduced investment in smart meters and related areas	• Early identification of information and countermeasure planning through strong customer communication • Expansion of the Solution Business

Expected External Environment and Risk/Opportunity Responses (as of July 2025)

Expected External Environment	Major Expected Risks [R] and Opportunities [O]	Key Countermeasures
Stronger regulations and initiatives to reduce greenhouse gas emissions	【O】 Growing demand for decarbonization and energy efficiency 【R】 Increased business costs due to strengthened renewable energy and energy efficiency policies	• Sales expansion of DC meters and Green Transformation products and services • Securing profits while factoring in higher costs • Optimizing electricity costs through the use of our own Green Transformation products
Decline in Japan's Working-Age Population	【O】 Growing demand for labor-saving solutions	• Contribute to automation and labor-saving through wider adoption of smart meters, automated meter reading services, and smart locks → Expand sales • Offset increased labor costs through price adjustments, further cost reduction efforts, and cuts to non-labor SG&A expenses
Global Increase in Electrification Rates	【O】 Growing demand for smart meters and renewal of transmission/distribution infrastructure	• Expand sales of smart meters and related devices • Growing demand for integrated solutions combining smart meters and upper-layer systems to support advanced electricity usage management → Expand sales

(Billions of Yen)	FY2024 Actual	FY2025 Forecast	FY2026 Plan
Net sales	97.1	98.0	100.0
Operating profit	5.7	5.8	9.0
Net profit	3.5	3.6	5.5
Operating profit margin	5.9%	5.9%	9.0%
ROE	6.9%	7.0%	10.0%

【 Details 】

Net sales
(by Business Portfolio)

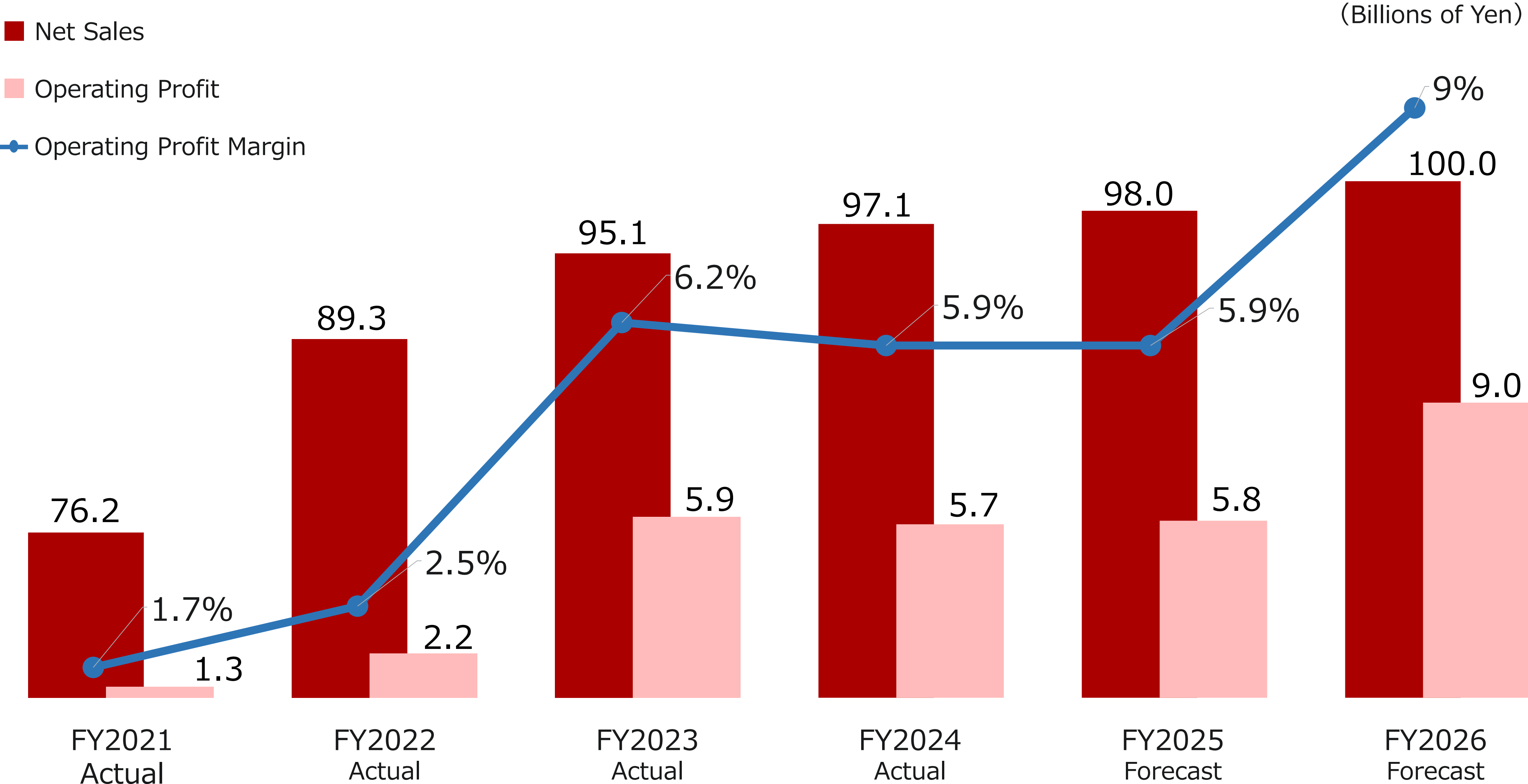
	FY2024	FY2025	FY2026
	Actual	Forecast	Plan
Smart meters & solutions in Japan	56.1	57.7	63.7
Smart meter Business	34.9	36.7	40.7
Solution Business	12.9	13.0	14.5
Switchgear Business	8.2	8.0	8.5
Smart meters & solutions Overseas	40.6	40.0	36.0
Oceania	21.1	19.5	20.5
Europe	13.5	13.0	12.5
Asia	4.7	4.0	2.0
The Middle East & Africa	1.3	3.5	1.0
Real estate	0.5	0.3	0.3
Total	97.1	98.0	100.0
Smart meters & solutions in Japan	4.0	3.5	5.6
Smart meters & solutions Overseas	1.5	2.2	3.3
Real estate	0.3	0.1	0.1
Total	5.7	5.8	9.0

(Billions of yen)

Operating profit
(by Segment)

2025~2026 Assumed exchange rate 140 yen /USD (at the time of formulation of the medium-term management plan 130 yen /USD)

Trends in Net Sales, Operating Profit, and Operating Profit Margin



Mid-Term Management Plan period
(FY2024 – FY2026)



OSAKI ELECTRIC CO., LTD.
TSE Prime Market
Code: 6644

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