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May 12, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)



Company name: Osaki Electric Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 6644
 URL: <https://www.osaki.co.jp>
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 Senior Managing Executive Officer
 Head of Group Strategy Division Ryuichi Ueno
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 Scheduled date of annual general meeting of shareholders: June 26, 2026
 Scheduled date to commence dividend payments: June 29, 2026
 Scheduled date to file annual securities report: June 25, 2026
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2026	100,900	3.9	6,526	14.5	6,567	21.9	5,777	64.9
March 31, 2025	97,102	2.1	5,701	(3.0)	5,386	(1.9)	3,504	45.6

Note: Comprehensive income For the fiscal year ended March 31, 2026: ¥ 7,846 million [43.9%]
 For the fiscal year ended March 31, 2025: ¥ 5,453 million [1.1%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2026	129.22	127.05	10.6	6.6	6.5
March 31, 2025	75.47	74.25	6.9	5.5	5.9

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2026	99,821	68,834	56.9	1,277.66
March 31, 2025	100,513	63,343	51.9	1,148.93

Reference: Equity

As of March 31, 2026: ¥ 56,791 million
 As of March 31, 2025: ¥ 52,151 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2026	8,862	4,828	(8,807)	18,408
March 31, 2025	6,889	(1,229)	(3,028)	13,085

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2025	-	10.00	-	12.00	22.00	1,010	29.1	2.0
Fiscal year ended March 31, 2026	-	17.00	-	32.00	49.00	2,180	37.9	4.0
Fiscal year ending March 31, 2027 (Forecast)	-	29.00	-	20.00	49.00		45.4	

3. Consolidated financial result forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	101,000	0.1	8,100	24.1	8,100	23.3	4,800	(16.9)	107.99

* Notes

(1) Significant changes in the scope of consolidation during the period:

None

Newly included: - companies()
Excluded: - companies()

(2) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2026	46,917,180 shares
As of March 31, 2025	48,267,180 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2026	2,467,766 shares
As of March 31, 2025	2,875,646 shares

(iii) Average number of shares outstanding during the period

Fiscal Year ended March 31, 2026	44,712,334 shares
Fiscal Year ended March 31, 2025	46,432,043 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	31,353	7.9	1,556	9.7	2,081	(52.8)	2,069	(50.0)
March 31, 2025	29,067	(2.0)	1,418	(29.8)	4,413	43.7	4,138	68.7

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2026	46.28	45.51
March 31, 2025	89.13	87.69

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2026	63,437	43,767	68.3	974.16
March 31, 2025	59,876	43,175	71.3	940.89

Reference: Equity

As of March 31, 2026: ¥ 43,300 million

As of March 31, 2025: ¥ 42,708 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The statements regarding forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management and they are not meant to be a commitment by the Company.

Please refer to “1.4 Consolidated Forecasts” on page 9 of this report.

The Company plans to hold a briefing session for Institutional investors and Analysts on May 29, 2026. Documents of the briefing session will be posted on our website immediately on the day of the event.

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1. Business Results

1.1 Highlight of Consolidated Operating Results

A three-year Mid-Term Management Plan (FY2024–FY2026) has been formulated based on the underlying policy that the Company aims for sustainable growth by fully leveraging Group synergies and providing new solutions for societal goals such as decarbonization while the smart meter remains at the heart of all business. Under this plan, We are advancing initiatives to expand sales of second-generation smart meters in Japan, where full-scale development is underway, as well as next-generation smart meters overseas, and to expand our solutions and services both in Japan and overseas.

For this fiscal year, the second year of the Mid-Term Management Plan, we have set the financial targets of net sales of 98 billion yen, operating profit of 5.8 billion yen, and profit attributable to owners of parent of 3.6 billion yen. Results exceeded all of these targets. The operating results of each segment are as follows.

[Smart meters & solutions in Japan]

Net sales in this segment increased 6.5% year on year to 59,732 million yen and operating profit increased 17.9% year on year to 4,676 million yen.

In the smart meter business, net sales increased year on year due mainly to the steady capture of the final demand for first-generation smart meters before the full-scale introduction of second-generation smart meters, coupled with the effect of mass shipments of second-generation smart meters which started in the fourth quarter of FY2025.

Operating profit rose year on year chiefly owing to increased revenue in the smart meter business and improved profit margins in the switchgear business, despite depreciation expenses arising from the start of second-generation smart meter production and increased selling and administrative expenses primarily driven by personnel costs.

[Smart meters & solutions overseas]

Net sales in this segment decreased 0.4% year on year to 41,566 million yen and operating profit increased 17.9% year on year to 1,743 million yen.

Net sales decrease year on year due to a decrease in shipments caused by inventory adjustments by customers in Oceania, despite increased sales due to higher shipments for the government-led “Smart Meter Project” in the United Kingdom and one-off additional orders from existing and specific customers in the Middle East and Africa.

Operating profit increased year on year mainly due to higher sales in the United Kingdom, temporary sales contribution in the Middle East and Africa, improved profit margins, and a reduction of selling, general and administrative expenses through organization-wide structural transformation.

[Real estate]

In this segment, net sales decreased 22.4% year on year to 435 million yen and operating profit decreased 61.5% to 103 million yen due to the sale of certain real estate properties in the previous fiscal year to make effective use of management resources and improve asset efficiency.

As a result, for the fiscal year under review, net sales increased 3.9% year on year to 100,900 million yen, operating profit increased 14.5% year on year to 6,526 million yen, ordinary profit increased 21.9% year on year to 6,567 million yen. Profit attributable to owners of parent increased 64.9% year on year to 5,777 million yen due to factors such as extraordinary gains on the sale of strategic shareholdings and real estate to improve capital efficiency, despite a loss on withdrawal from the Middle East and Africa business due to a review of the business portfolio in the Smart meters & solutions overseas, and extraordinary loss related to business restructuring expenses implemented at overseas subsidiary.

<Consolidated Financial Results>

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	YoY Change	
			Amount	%
Net sales	97,102	100,900	3,797	+3.9%
Smart meters & solutions in Japan	56,084	59,732	3,647	+6.5%
Smart meters & solutions overseas	41,719	41,566	△153	△0.4%
Real estate	561	435	△125	△22.4%
Adjustment	△1,263	△833	429	—
Operating Profit	5,701	6,526	825	+14.5%
Smart meters & solutions in Japan	3,965	4,676	710	+17.9%
Smart meters & solutions overseas	1,477	1,743	265	+17.9%
Real estate	270	103	△166	△61.5%
Adjustment	△12	3	15	—
Ordinary Profit	5,386	6,567	1,180	+21.9%
Profit attributable to owners of parent	3,504	5,777	2,273	+64.9%

1.2 Consolidated Financial Position

Status of total assets, liabilities, net assets and capital equity ratio at the end of the current fiscal year

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026	YoY Change
Total assets	100,513	99,821	△692
Total liabilities	37,170	30,986	△6,183
Net assets	63,343	68,834	5,490
Capital adequacy ratio	51.9	56.9	5.0

Total assets at the end of the fiscal year amounted to 99,821 million yen, a decrease of 692 million yen compared to the end of the previous fiscal year.

This decrease was primarily due to a decrease of 6,670 million yen in inventories, and 1,938 million yen in land included in property plant and equipment, despite an increase of 4,368 million yen in cash and deposits and 1,768 million yen in notes and accounts receivable - trade, and contract assets.

Total liabilities decreased by 6,183 million yen from the end of the previous fiscal year to 30,986 million yen. This decrease was due to a decrease of 6,460 million yen in short-term borrowings, despite an increase of 1,330 million yen in income taxes payable.

Net assets increased by 5,490 million yen from the end of the previous fiscal year to 68,834 million yen. This increase was due to an increase of 3,552 million yen in retained earnings, 851 million yen in non-controlling interests, and 793 million yen in valuation difference on available-for-sale securities.

1.3 Consolidated Cash Flows

Cash and cash equivalents (the “fund”) at the end of the period was 18,408 million yen, 5,322 million yen increase from the end of the previous fiscal year ended March 31, 2025.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	YoY Change
Cash flows from operating activities	6,889	8,862	1,973
Cash flows from investing activities	△1,229	4,828	6,057
Cash flows from financing activities	△3,028	△8,807	△5,779
Cash and cash equivalents at the end of period	13,085	18,408	5,322

① Cash Flows from Operating Activities

Net cash provided by operating activities amounted to 8,862 million yen. This was mainly due to cash inflows such as income before income taxes of 10,789 million yen, depreciation of 3,018 million yen, and a decrease in inventories of 4,504 million yen, which exceeded cash outflows including an increase in trade receivables of 1,726 million yen, a decrease in accounts payable of 1,244 million yen, and a gain on sales of property, plant and equipment of 6,135 million yen.

② Cash Flows from Investing Activities

Net cash provided by investing activities amounted to 4,828 million yen, mainly due to cash inflows such as proceeds from the sale of property, plant and equipment totaling 8,907 million yen and proceeds from the sale of investment securities totaling 946 million yen, which exceeded cash outflows including purchases of property, plant and equipment totaling 4,764 million yen and purchases of intangible assets totaling 663 million yen.

③ Cash Flows from Financing Activities

Net cash used in financing activities amounted to 8,807 million yen, as cash outflows such as net decrease in short-term borrowings of 3,237 million yen, payments for repayment of long-term borrowings of 2,978 million yen, payments for the acquisition of treasury stock totaling 1,031 million yen and dividend payments, including those to non-controlling interests totaling 1,387 million yen and other factors.

Cash Flow Indicators

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Capital adequacy ratio	51.9%	51.9%	56.9%
Capital adequacy ratio at market value	33.5%	36.3%	74.4%
Cash flow to interest-bearing debt ratio (per annum)	1.7	1.3	0.3
Interest coverage ratio (times)	24.0	19.6	27.6

(Notes)

Capital adequacy ratio: $\text{Equity} / \text{Total assets}$

Capital adequacy ratio at market value: $\text{Market capitalization} / \text{Total assets}$

Cash flow to interest-bearing debt ratio: $\text{Interest-bearing debt} / \text{Net cash provided by operating activities}$

Interest coverage ratio: $\text{Net cash provided by operating activities} / \text{Interest payment}$

* Each indicator is calculated based on the consolidated financial report.

* Market capitalization is calculated by share price at the end of year multiplied by total number of issued shares excluding treasury stock.

* Net cash provided by operating activities is equivalent to that of consolidated statements of cash flows in the financial report for each fiscal year. Interest-bearing debt includes all debts with interest payments on the consolidated balance sheets as of the end of each fiscal year. Interest payments are equivalent to that of consolidated statements of cash flows for each fiscal year.

1.4 Consolidated Forecasts

	Fiscal year ended March 31, 2026 Actual	Fiscal year ended March 31, 2027 Plan	YoY Change	
			Amount	%
Net sales	100,900	101,000	99	+0.1%
Smart meters & solutions in Japan	59,732	65,000	5,267	+8.8%
Smart meters & solutions overseas	41,566	36,200	△5,366	△12.9%
Real estate	435	400	△35	△8.2%
Adjustment	△833	△600	233	—
Operating profit	6,526	8,100	1,573	+24.1%
Smart meters & solutions in Japan	4,676	5,200	523	+11.2%
Smart meters & solutions overseas	1,743	2,800	1,056	+60.6%
Real estate	103	100	△3	△3.8%
Adjustment	3	—	△3	—
Ordinary profit	6,567	8,100	1,532	+23.3%
Profit attributable to owners of parent	5,777	4,800	△1,063	△16.9%

With respect to Smart meters & solutions in Japan, net sales are expected to increase, driven by the full-year impact of the full-scale introduction of second-generation smart meters, which began in the fourth quarter of FY2025, as well as expanded sales of new smart lock products and continued strong demand in the switchgear business. Operating profit is expected to increase year on year, supported by higher sales in each business (smart meter business, solution business, and switchgear business) and improved profitability resulting from the expansion of second-generation smart meter sales, despite rising prices for copper and petroleum-based raw materials and increases in SG&A expenses, including personnel costs.

With respect to Smart meters & solutions overseas, net sales are expected to increase year on year in Oceania due to the full-scale launch of the next-generation smart meter NEOS. However, overall net sales are expected to decrease year on year due to factors such as the withdrawal from the Middle East and Africa business and the peaking out of demand under the government-led “Smart Meter Project” in the United Kingdom. On the other hand, operating profit is expected to increase year on year, mainly due to improved profitability from the sales of the next generation smart meter “NEOS” in Oceania.

In the real estate business, net sales and profit are expected to decrease year on year due to the sale of certain real estate assets in the fiscal year under review as part of efforts to enhance the effective use of management resources and improve asset efficiency.

Based on the above, the consolidated financial forecast for the fiscal year ending March 2027 is as follows:

Net sales are projected to increase by 0.1% YoY to 101,000 million yen,

operating profit is expected to rise by 24.1% YoY to 8,100 million yen,

ordinary profit is forecast to grow by 23.3% YoY to 8,100 million yen, and

profit attributable to owners of parent is expected to decrease by 16.9% YoY to 4,800 million yen.

1.5 Fundamental Policy Regarding Distribution of Profits and Dividends for the Current and Next Fiscal Year

The Company regards the return of profits to shareholders as one of its key management priorities. Our basic policy is to provide stable dividends on a continuing basis, while distributing profits in a manner that reflects business performance. Specifically, the annual dividend amount will be determined based on a target of the higher of a dividend on equity (DOE) ratio of 3% or a payout ratio of 30%.

For the fiscal year under review, the year-end dividend is expected to consist of an ordinary dividend of 22 yen per share, determined by applying the payout ratio, together with a special dividend of 10 yen per share, in order to further enhance shareholder returns through improved capital efficiency, resulting in a total of 32 yen per share. Accordingly, the annual dividend, including the interim dividend, is expected to be 49 yen per share.

For the next fiscal year, we forecast an ordinary dividend of 19 yen per share at the interim and 20 yen per share at the year-end, maintaining the annual dividend amount for FY2025. In addition, a special dividend is expected to be paid at the interim at 10 yen per share, resulting in a projected annual dividend of 49 yen per share.

With the aim of improving capital efficiency, we will continuously consider share repurchases, taking into comprehensive account factors such as available cash on hand, necessary working capital, recent business performance and share price levels, and the presence of investment opportunities. In order to further enhance shareholder returns, however, we have decided to repurchase our own shares under the following terms.

Class of Shares to be Repurchased: Common shares of the Company

Total Number of Shares to be Repurchased: Up to 1,500,000 shares

Total Amount of Repurchase Price: Up to JPY 2,500,000,000

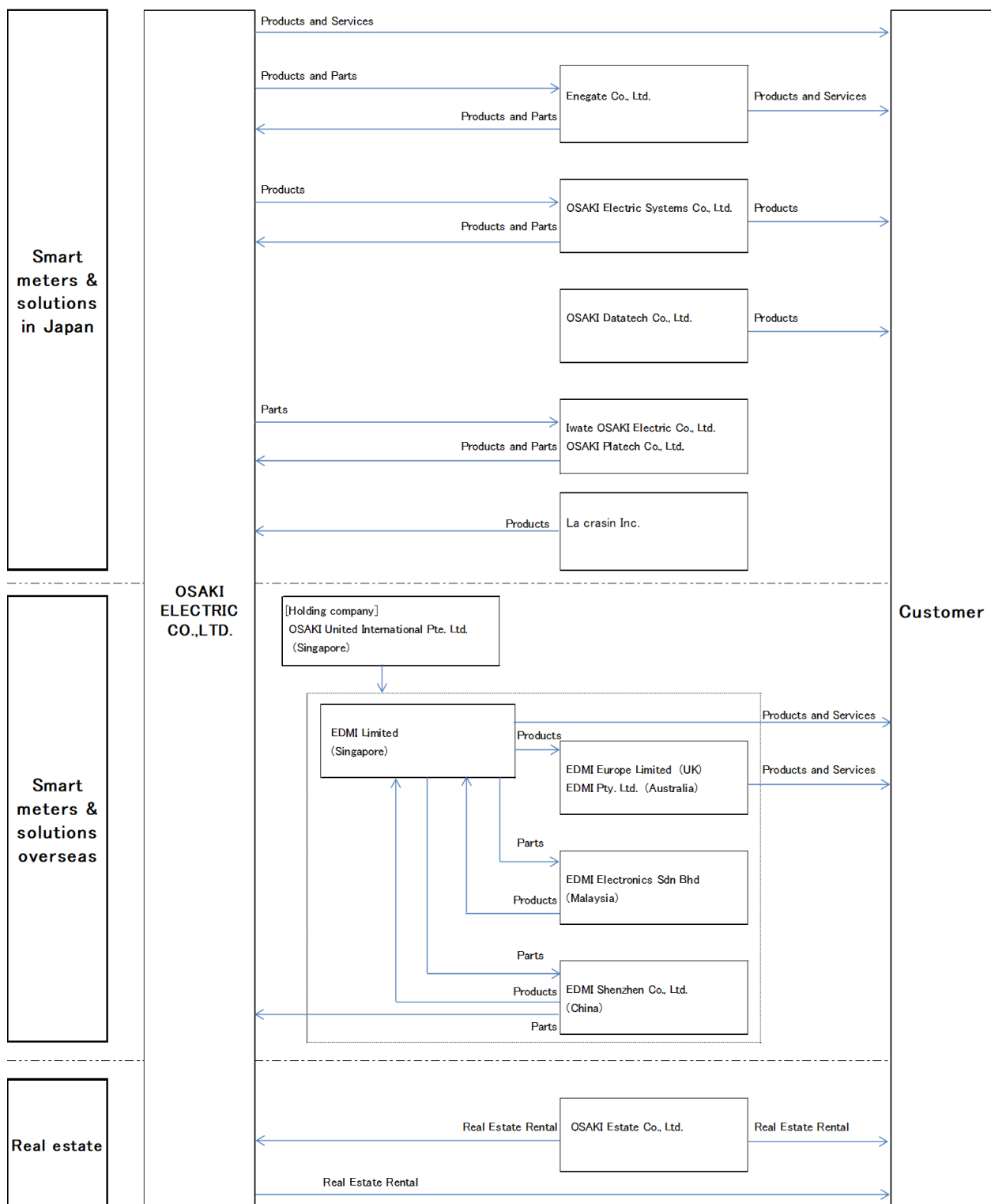
Period of Repurchase: February 20, 2026 to September 30, 2026

Retained earnings will be used to fund R&D and capital expenditures to strengthen competitiveness and will also be effectively utilized for future business development, including M&A, with the aim of enhancing corporate value over the long term and improving business performance.

1.6 OSAKI ELECTRIC Group Structure

The business structure is as follows.

Reporting Segments



1.7 Business and Other Risks

The following are the potential major risks that management recognizes as having a material impact on the financial position, results of operations and cash flows of the consolidated companies in the matters related to business conditions, accounting conditions, etc. described in the summary of financial results.

(1) Market fluctuations

Market fluctuations for the products OSAKI and its group companies provide are caused by various factors such as political and economic conditions of the regions in subject or government policies. In addition, product demand is affected by major customers' financial performance or business and investment plans.

Smart meters, which are the Group's mainstay products, are replaced periodically under regulations. For example, the Measurement act in Japan sets at 10years for the verification period (or the usable period) of smart meters. Overseas, while usable periods and regulations differ by countries and regions, periodic replacements of smart meters are often required. Therefore, in the event of a temporary surge in demand, there is a possibility that demand may decline during a subsequent period.

To encounter the aforementioned risks, the Group is expanding its business not only in Japan but also in Oceania, Europe, and other emerging countries to disperse the impact of market fluctuations. In addition, the Group is working to stimulate demand by launching new products and adding additional functions, and to cultivate new customers. While we are working to disperse the impact of fluctuations in demand, significant fluctuations in demand could affect the Group's performance.

(2) Price competition

The smart meter industry is highly competitive both in and outside of Japan, and pricing is one of the most important factors in sustaining competitive positions. To avoid price competition, the Group selects markets where quality, safety and added value are appreciated, as well as committing to enhance product competitiveness. However, if prices decline significantly or large quantities of products are sold at lower than anticipated prices, the Group's performance will be negatively impacted.

(3) Supply chain risks

a. Procurement of parts and materials

OSAKI Group continuously implements specification changes to its core product, smart meters, with the aim of improving functionality and quality and reducing costs. Accordingly, in procuring parts and materials, we strive to place timely orders and maintain appropriate inventory levels, taking into account customer order forecasts, procurement lead times, and the timing of product specification changes.

However, geopolitical risks—particularly difficulties in crude oil procurement arising from military conflicts involving the United States, Israel and Iran—may prevent the timely procurement of petroleum-based raw materials and components, which could disrupt the Group's production activities. In addition, a decline in demand resulting from changes in customer policies may lead to the accumulation of excess inventory of unused parts and materials.

With respect to China's export controls on rare earths, there is currently no impact, as the rare earth materials subject to such restrictions are not used by the Group. Furthermore, although there are concerns over a global shortage of semiconductor memory, there is currently no impact, as the specifications differ from those of the semiconductor memory used by the Group.

b. Cost of parts and materials

OSAKI Group strives to procure materials at appropriate prices; however, there is a risk that procurement costs for materials such as semiconductors and metals may rise due to supply-demand conditions, exchange rate fluctuations, and the impact of inflation. Recently, prices of key materials for the Group's core products, including copper and petroleum-based raw materials, have been increasing, and the Group is working to mitigate the impact through design changes and the review of materials used.

In addition, there is a risk that logistics costs may increase due to higher fuel prices resulting from fluctuations in global crude oil prices. If these cost increases cannot be sufficiently passed on to product prices, the Group's business performance may be adversely affected.

(4) Overseas business

The Group's overseas business operations are mainly in Oceania, Europe, and other emerging countries. Overseas sales accounted for approximately 40% of the consolidated net sales for the year ended March 31, 2024. The overseas business comprises a pillar of mid- to long-term growth. Because the Group is placing efforts on profit-oriented business expansion, markets and customers are under review from time to time in accordance with the latest risk information. In response to reducing risks, the Group operates production at multiple sites, including outsourcing, across multiple countries.

Overseas business, however, are constantly exposed to geopolitical risks such as political and economic conditions, conflict and terrorism, as well as uncertainty regarding laws, regulations and systems. Therefore, unexpected changes in the market or delays in projects, delays in production and shipments may adversely affect the Group's operations and financial positions.

The Company has determined that the direct impact of the additional U.S. tariffs will be minimal, as its products, including those of its subsidiaries, are not exported to the U.S.

(5) Fluctuations in foreign exchange and interest rates

Fluctuations in foreign currency exchange rates affects the Group's assets, liabilities, and income of overseas subsidiaries. The Group engages in hedging transactions to reduce the impact of foreign exchange fluctuations, but sudden fluctuations in foreign exchange rates may affect the Group's performance and financial position.

(6) Quality of products and services

The Group manufactures or outsources production based on a predetermined level of quality control. A strict quality control system has been established to ensure that anomalies or malfunctions in products are detected before shipments. However, in case anomalies or malfunctions occur in the future, the Group's performance would be affected in the event of a product recall, replacement, or compensation for damages.

(7) Research and development

OSAKI Group is strengthening R&D aimed at heightening product and service competitiveness. While the Group works diligently to collect necessary information in a timely manner for quick decisions, and respond flexibly to changes in the focus areas of technologies, there remains risks of slow response to the technology demand due to delay in development processes and shortages in researchers. The Group also recognizes the risks of the intellectual properties be invaded. Likewise, the Group also recognizes the risks of unintentionally invading a third party's intellectual properties which may cause claims for compensation or legal actions against the Group. In such cases, the Group's financial position is potentially affected.

(8) Sustainability

OSAKI Group recognizes that risks and opportunities related to sustainability is an important management issue. In response, the Group established the Sustainability Promotion Committee to promote a group-wide action to solve material risks and explore opportunities.

However, delays in responding to these risks could affect the Group's medium-to long-term performance.

(9) Risks associated with human resources

OSAKI Group recognizes that to carry out the mid-to-long term business strategies successfully, personnel resources and development is important. The Group recruit personnel freshly out of schools or seasoned personnel while providing various training programs. At the same time, the Group puts in efforts to provide personnel systems that

are fair and rewarding and to improve the work environment for all employees.

However, competitive environment in recruitment and a decrease in working population in Japan, may lead to a lack of necessary personnel in carrying out the aforementioned business strategies, affecting the Group's performance as a result.

(10) Risks Associated with Disasters

Natural disasters such as earthquakes and typhoons, and floods, accidents such as fires, infectious diseases and other unpredictable factors may delay or suspend production or shipments for a long period of time and may adversely affect the Group's business operations and financial conditions.

2. Basic concept regarding the selection of accounting standards

The Group uses Japanese standards for accounting, taking into consideration the comparability of time-series and cross-sectional comparability of the consolidated financial statements. Meanwhile, regarding the adoption of the International Financial Reporting Standards (IFRS), we intend to address the matter appropriately, factoring in various conditions in Japan and overseas.

3. Consolidated Financial Statements and Principal Notes

3.1 Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	11,552	15,920
Deposits paid	2,543	2,497
Notes and accounts receivable - trade, and contract assets	17,545	19,313
Merchandise and finished goods	12,895	9,412
Work in process	3,337	3,031
Raw materials and supplies	8,656	5,775
Other	3,324	3,167
Allowance for doubtful accounts	(307)	(332)
Total current assets	59,547	58,786
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,034	21,376
Accumulated depreciation	(14,399)	(13,970)
Buildings and structures, net	7,634	7,405
Machinery, equipment and vehicles	16,975	17,696
Accumulated depreciation	(13,673)	(13,003)
Machinery, equipment and vehicles, net	3,301	4,693
Land	12,099	10,161
Leased assets	4,038	4,819
Accumulated depreciation	(2,463)	(2,808)
Leased assets, net	1,574	2,010
Construction in progress	902	592
Other	6,445	6,754
Accumulated depreciation	(5,706)	(5,677)
Other, net	738	1,077
Total property, plant and equipment	26,251	25,940
Intangible assets	907	1,261
Investments and other assets		
Investment securities	8,344	9,110
Retirement benefit asset	2,258	2,899
Deferred tax assets	1,604	511
Other	1,603	1,312
Allowance for doubtful accounts	(2)	(1)
Total investments and other assets	13,808	13,832
Total non-current assets	40,966	41,034
Total assets	100,513	99,821

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,663	6,978
Electronically recorded obligations - operating	2,559	2,008
Short-term borrowings	6,926	465
Income taxes payable	1,576	2,907
Provision for bonuses	1,719	1,692
Provision for bonuses for directors (and other officers)	92	90
Provision for product warranties	372	1,396
Other	8,328	8,071
Total current liabilities	29,240	23,610
Non-current liabilities		
Lease liabilities	1,342	1,406
Provision for retirement benefits for directors (and other officers)	43	48
Provision for repairs	59	-
Retirement benefit liability	2,254	2,150
Deferred tax liabilities	3,472	3,030
Other	758	739
Total non-current liabilities	7,930	7,376
Total liabilities	37,170	30,986
Net assets		
Shareholders' equity		
Share capital	7,965	7,965
Capital surplus	8,764	8,750
Retained earnings	29,575	33,127
Treasury shares	(1,868)	(1,899)
Total shareholders' equity	44,437	47,944
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,379	4,173
Foreign currency translation adjustment	3,573	3,603
Remeasurements of defined benefit plans	761	1,070
Total accumulated other comprehensive income	7,714	8,846
Share acquisition rights	466	466
Non-controlling interests	10,724	11,576
Total net assets	63,343	68,834
Total liabilities and net assets	100,513	99,821

3.2 Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net sales	97,102	100,900
Cost of sales	73,660	76,681
Gross profit	23,442	24,218
Selling, general and administrative expenses	17,740	17,691
Operating profit	5,701	6,526
Non-operating income		
Interest income	65	58
Dividend income	283	305
Compensation income	-	69
Other	303	178
Total non-operating income	652	611
Non-operating expenses		
Interest expenses	350	319
Foreign exchange losses	483	135
Loss on retirement of non-current assets	61	79
Other	70	35
Total non-operating expenses	966	570
Ordinary profit	5,386	6,567
Extraordinary income		
Gain on sale of non-current assets	936	6,150
Gain on sale of investment securities	430	693
Total extraordinary income	1,367	6,843
Extraordinary losses		
Loss on retirement of non-current assets	86	-
Business restructuring expenses	278	559
Loss on withdrawal from business	-	2,061
Total extraordinary losses	364	2,621
Profit before income taxes	6,389	10,789
Income taxes - current	2,198	3,934
Income taxes - deferred	(123)	141
Total income taxes	2,075	4,075
Profit	4,314	6,714
Profit attributable to non-controlling interests	810	936
Profit attributable to owners of parent	3,504	5,777

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Profit	4,314	6,714
Other comprehensive income		
Valuation difference on available-for-sale securities	176	793
Foreign currency translation adjustment	1,051	29
Remeasurements of defined benefit plans, net of tax	(89)	309
Total other comprehensive income	1,138	1,132
Comprehensive income	5,453	7,846
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,643	6,910
Comprehensive income attributable to non-controlling interests	810	936

3.3 Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,965	8,762	27,503	(1,198)	43,034
Changes during period					
Dividends of surplus			(935)		(935)
Profit attributable to owners of parent			3,504		3,504
Purchase of treasury shares				(1,223)	(1,223)
Disposal of treasury shares		13		43	57
Cancellation of treasury shares		(12)	(497)	509	-
Net changes in items other than shareholders' equity					
Total changes during period	-	1	2,071	(670)	1,403
Balance at end of period	7,965	8,764	29,575	(1,868)	44,437

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	3,203	2,521	850	6,575	466	12,456	62,532
Changes during period							
Dividends of surplus							(935)
Profit attributable to owners of parent							3,504
Purchase of treasury shares							(1,223)
Disposal of treasury shares							57
Cancellation of treasury shares							-
Net changes in items other than shareholders' equity	176	1,051	(89)	1,138	-	(1,731)	(592)
Total changes during period	176	1,051	(89)	1,138	-	(1,731)	810
Balance at end of period	3,379	3,573	761	7,714	466	10,724	63,343

For the fiscal year ended March 31, 2026

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,965	8,764	29,575	(1,868)	44,437
Changes during period					
Dividends of surplus			(1,302)		(1,302)
Profit attributable to owners of parent			5,777		5,777
Purchase of treasury shares				(1,031)	(1,031)
Disposal of treasury shares		20		43	63
Cancellation of treasury shares		(34)	(922)	957	-
Net changes in items other than shareholders' equity					
Total changes during period	-	(13)	3,552	(31)	3,506
Balance at end of period	7,965	8,750	33,127	(1,899)	47,944

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	3,379	3,573	761	7,714	466	10,724	63,343
Changes during period							
Dividends of surplus							(1,302)
Profit attributable to owners of parent							5,777
Purchase of treasury shares							(1,031)
Disposal of treasury shares							63
Cancellation of treasury shares							-
Net changes in items other than shareholders' equity	793	29	309	1,132	-	851	1,983
Total changes during period	793	29	309	1,132	-	851	5,490
Balance at end of period	4,173	3,603	1,070	8,846	466	11,576	68,834

3.4 Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	6,389	10,789
Depreciation	2,215	3,018
Increase (decrease) in allowance for doubtful accounts	(198)	(6)
Interest and dividend income	(348)	(363)
Interest expenses	350	319
Loss on withdrawal from business	-	2,061
Decrease (increase) in trade receivables	1,985	(1,726)
Decrease (increase) in inventories	(1,289)	4,504
Increase (decrease) in trade payables	(45)	(1,244)
Increase (decrease) in provision for bonuses	0	(20)
Increase (decrease) in provision for product warranties	(91)	974
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(9)	5
Increase (decrease) in provision for bonuses for directors (and other officers)	(15)	(1)
Increase (decrease) in retirement benefit liability	(93)	(103)
Decrease (increase) in retirement benefit asset	(172)	(188)
Increase (decrease) in provision for repairs	7	(59)
Loss (gain) on sale of non-current assets	(934)	(6,135)
Loss on retirement of non-current assets	148	79
Loss (gain) on sale of investment securities	(430)	(693)
Other, net	989	62
Subtotal	8,456	11,272
Interest and dividends received	350	365
Interest paid	(350)	(320)
Income taxes paid	(1,566)	(2,454)
Net cash provided by (used in) operating activities	6,889	8,862
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,459)	(4,764)
Proceeds from sale of property, plant and equipment	1,150	8,907
Purchase of intangible assets	(383)	(663)
Purchase of investment securities	-	(168)
Proceeds from sale of investment securities	563	946
Proceeds from long-term deposits	-	1,000
Expenses from derivative transactions	(529)	(457)
Proceeds from derivative transactions	543	30
Other, net	(115)	(3)
Net cash provided by (used in) investing activities	(1,229)	4,828

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,898	(3,237)
Repayments of long-term borrowings	—	(2,978)
Repayments of lease liabilities	(226)	(171)
Purchase of treasury shares	(1,223)	(1,031)
Dividends paid	(934)	(1,302)
Dividends paid to non-controlling interests	(2,541)	(85)
Net cash provided by (used in) financing activities	(3,028)	(8,807)
Effect of exchange rate change on cash and cash equivalents	(390)	439
Net increase (decrease) in cash and cash equivalents	2,241	5,322
Cash and cash equivalents at beginning of period	10,843	13,085
Cash and cash equivalents at end of period	13,085	18,408

3.5 Notes to Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

There are no applicable matters.

(Significant matters forming the basis of preparing the consolidated financial statements)

1. Scope of consolidation

Number of consolidated subsidiaries: 25

Names of Principal Consolidated Subsidiaries

ENEGATE CO., LTD

OSAKI United International Pte., Ltd.

2. Application of equity method

Unconsolidated company name even though it holds not less than 20 percent and not more than 50 percent of the voting rights in another company.

Tohoku Electric Meter Industry Co., Inc.

(the reason that the equity method is not applied)

It is clear that the Company will not be able to exercise significant influence over the determination of the company's financial and operating or business policies based on an agreement with the parent company of the company.

3. Fiscal years of consolidated subsidiaries

Of the consolidated subsidiaries, the fiscal year-end date of 16 consolidated subsidiaries including Osaki United International Pte., Ltd. is December 31. In preparing the consolidated financial statements, the Company uses the financial statements as of that date, and makes necessary adjustments for significant transactions which occurred between their fiscal year-end date and the consolidated fiscal year-end date

4.Accounting policies

(1) Valuation standards and methods for significant assets

1) Inventories

(a) Merchandise and finished goods

The Company and its domestic consolidated subsidiaries mainly adopt at acquisition cost using moving average method or total average method (asset values on the balance sheet are calculated by the book value write-down method based on decreased profitability). In addition, Build-to-order products are stated at acquisition cost using the specific identification method. Overseas consolidated subsidiaries primarily use the first-in, first-out cost method (asset values on the balance sheet are calculated by the book value write-down method based on decreased profitability).

(b) Work in process

The Company and its domestic consolidated subsidiaries mainly adopt at acquisition cost using moving average method or total average method (asset values on the balance sheet are calculated by the book value write-down method based on decreased profitability). In addition, Build-to-order products are stated at acquisition cost using the specific identification method.

(c) Raw materials and supplies

The Company and its domestic consolidated subsidiaries mainly adopt at acquisition cost using moving average method or total average method (asset values on the balance sheet are calculated by the book value write-down method based on decreased profitability). In addition, Build-to-order products are stated at acquisition cost using the specific identification method. Overseas consolidated subsidiaries primarily use the first-in, first-out cost method (asset values on the balance sheet are calculated by the book value write-down method based on decreased profitability).

2) Securities

(a) Securities to be held to maturity

Stated at Amortized cost method (straight-line method)

(b) Available-for-sale securities

Securities other than shares that do not have a market value

Stated at Fair value method (with the entire amount of valuation differences inserted directly into net assets, and the cost of sales calculated using the moving average method)

Shares that do not have a market value

Stated at Moving average cost method.

3) Derivatives

Stated at fair value method.

(2) Depreciation and amortization methods for significant depreciable and amortizable assets

1) Property, plant and equipment (excluding leased assets)

The Company and domestic consolidated subsidiaries adopt the declining balance method (however, the straight-line method is applied for buildings (excluding facilities) acquired on or after April 1, 1998, and for facilities attached to buildings and for structures acquired on or after April 1, 2016).

Foreign consolidated subsidiaries adopt the straight-line method.

In addition, the useful life is determined mainly based on the standards set by the Corporation Tax Law.

2) Intangible assets (excluding leased assets)

The straight-line method is applied. In addition, the useful life of internally used software is based on determined useful life internally (5 years).

3) Leased assets

Leased assets related to finance lease transactions with the right of ownership transferred

The depreciation method is the same as that applied for owned non-current assets.

Leased assets related to finance lease transactions with the right of ownership not transferred

The depreciation method is the straight-line method that sets the lease period as the service life and the residual value as zero. The financial statements of overseas consolidated subsidiaries are prepared in accordance with International Financial Reporting Standards (IFRS). IFRS No. 16 “Leases” (hereinafter IFRS No. 16) has been applied. Regarding the lease lessee, in principle all leases are recorded as assets and liabilities on the balance sheets, and the straight-line method is used for depreciation of the capitalized right-of-use assets.

(3) Recognition criteria for significant allowance and provision

1) Allowance for Doubtful Accounts

To reserve against write-off losses for receivables, estimated uncollectable amounts are recorded according to historical write-off experience for general receivables and collection potential for individual receivables with specific write-off concerns.

2) Provision for Bonuses

A provision is recorded on the basis of expected disbursement amounts in order to prepare for payment of employee bonuses.

3) Provision for Directors’ Bonuses

A provision is recorded on the basis of expected disbursement amounts in order to prepare for payment of director bonuses.

4) Provision for Product Warranties

A provision is recorded for estimated future payments to be made for compensation expenses related to products and services sold.

5) Provision for Directors’ Retirements Benefits

The disbursement required is recorded in accordance with internal rules in order to prepare for retirement benefits disbursed to directors.

6) Provision for Repairs

A provision is recorded in order to prepare for expenses of the scheduled maintenance for owned facilities.

(4) Accounting methods for related to retirement benefits

1) Method of attributing expected retirement benefits to periods

In calculating retirement benefit obligations, the benefit formula basis is used as the method for attributing the expected retirement benefits to the periods until the end of the current fiscal year.

2) Method of amortization of actuarial gains and losses

Actuarial gains and losses are calculated by the straight-line method based on the number of years (10 years) within the average remaining service period of employees at the time of occurrence for each consolidated fiscal year from the next consolidated fiscal year. Actuarial gains and losses of certain consolidated subsidiaries are fully expensed when it occurs.

3) Adoption of simplified accounting method by small enterprises, etc.

Certain consolidated subsidiaries apply a simplified accounting method to calculate net defined benefit liability and retirement benefit expenses, which uses the retirement benefit obligation as the amount that would be required if all employees voluntarily terminated their employment at the end of the fiscal year.

(5) Recognition criteria for significant revenue and expenses

The Group recognizes revenue based on the following five-step approach:

Step 1: Identify Contracts with Customers

Step 2: Identify Performance Obligations in the Contracts

Step 3: Calculate the Transaction Price

Step 4: Allocate the Transaction Price to Performance Obligations in the Contract

Step 5: Recognize Revenue when the Company Satisfies Performance Obligations

The Company manufactures and sells watt-hour meters and distribution panels etc., and for such product sales, it is determined that the performance obligation will be satisfied because the customer obtains control over the product at the time of delivery of the product, and we recognize the revenue.

However, for domestic sales of goods or products, revenue is recognized at the time of shipment except for some, because the period from the time of shipment to the time when control of the goods or products is transferred to the customer is normal.

For construction contracts, revenue is recognized over a period of time as performance obligations are satisfied.

The measurement of progress related to the satisfaction of performance obligations are based on the percentage of construction costs incurred by the end of each reporting period to total expected construction costs. If the degree of progress cannot be reasonably estimated, revenue is recognized on a cost recovery method only for the portion of costs incurred that is expected to be recovered.

The Company applies alternative treatment for construction contracts with very short construction period and recognizes revenue when the Company fully satisfies its performance obligations rather than recognizing revenue over a period of time.

Revenue is recognized for the consideration promised in contracts with customers, net of discounts, rebates and returns.

In addition, for buy-sell transactions, the Company does not recognize revenue on the transfer of the goods to be paid, and does not recognize any extinguishment of such assets because the Company is substantially obligation to repurchase the goods to be paid, and it is recognized as inventory.

(6) Translation criteria of the significant monetary assets and liabilities denominated in foreign currencies to Japanese yen

Foreign currency-denominated monetary receivables and payables are translated into yen at the spot exchange rate on the consolidated closing date, and the translation difference is treated as profit or loss. Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the rates of exchange in effect at the balance sheet date, and the differences arising from translation is recognized as gains and losses. Assets and liabilities of overseas subsidiaries are translated into Japanese yen at the spot exchange rate on the balance sheet date of the relevant subsidiaries and others. Revenues and expenses are translated into Japanese yen at the average exchange rate for the period. Translation differences are included in foreign currency translation adjustments and non-controlling interests in net assets.

(7) Significant hedge accounting

1) Hedge accounting method

For interest rate swaps, if the requirements for special treatment are met, it is adopted. When an interest rate swaps meet certain conditions, the net interest amount to be paid or received under the contract is recognized as special treatment.

2) Hedge instruments and hedged items

(Hedge instruments) Interest rate swaps

(Hedge items) Interest on loan payables

3) Hedging policy

The Group Companies enter into interest rate swaps to hedge interest rate risk of loan payment and identify hedge items on a contract-by-contract basis.

4) Hedge effectiveness assessment method

Assessment of effectiveness is omitted if the criteria for special treatment of interest rate swaps are met.

(8) Scope of cash and cash equivalents in consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, demand deposits and short-term highly liquid investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in price.

(Changes in presentation)

(Consolidated statements of income)

In the previous consolidated fiscal year, “Royalty income,” were presented separately. However, due to a decrease in materiality, it is included in the “Other” category of “Non-operating income” beginning with the current consolidated fiscal year.

To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified accordingly.

As a result, in the consolidated statements of income for the previous fiscal year, the amount of 180millions of yen previously presented for the “Royalty Income” category of “Non-operating Income” and the “Other” category fees of 122millions of yen have been reclassified as the “Other” category fees of 303millions of yen.

In the previous consolidated fiscal year, “Loss on retirement of non-current assets” were included in the “Other” category of “Non-operating expenses”. However, due to an increase in materiality, it is presented separately beginning with the current consolidated fiscal year. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified accordingly.

As a result, in the consolidated statements of income for the previous fiscal year, the amount of 132millions of yen previously presented for the “Other” category of “Non-operating expenses” has been reclassified as “Loss on retirement of non-current assets” of 61millions of yen and the “Other” category fees of 70millions of yen.

(Segment information, etc.)

1 Overview of reportable segments

The reportable segments of the Company are components of the Company and its consolidated subsidiaries for which discrete financial information is available and regularly reviewed by the Board of Directors to make decisions about allocation of managerial resources and to assess their performance. The business of the Company and its consolidated subsidiaries is divided into the following three categories.

Reportable Segment	Main products and services
Smart meters & solutions in Japan	Smart meters, Instrument VCT, Energy solutions, Switchgear
Smart meters & solutions overseas	Smart metering solutions
Real estate	Real estate leasing

2. Calculation methods for net sales, profit or loss, assets, liabilities and other items by reportable segment

The accounting methods used for reportable segments are the same as those discussed under “Significant matters forming the basis of preparing the consolidated financial statements.” Segment profit figures are based on operating profit.

Inter-segment sales and transfers are based on prevailing market prices. It should be noted that the Company doesn’t allocate assets to reportable segment.

3. Sales, Profits or Losses, Assets, Liabilities and Other items by Reportable Segments

Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable Segments				Adjustment (Remark 1)	Consolidated
	Smart meters & solutions in Japan	Smart meters & solutions overseas	Real estate	Total		
Sales to Customers	56,061	40,584	456	97,102	—	97,102
Intersegment Sales	22	1,134	105	1,263	(1,263)	—
Total sales	56,084	41,719	561	98,365	(1,263)	97,102
Operating Income	3,965	1,477	270	5,713	(12)	5,701

(Remarks)

1. The operating income is adjusted by the elimination of the intersegment transactions.

Fiscal year ended March 31, 2026

(Millions of yen)

	Reportable Segments				Adjustment (Remark 1)	Consolidated
	Smart meters & solutions in Japan	Smart meters & solutions overseas	Real estate	Total		
Sales to Customers	59,707	40,862	330	100,900	—	100,900
Intersegment Sales	25	703	105	833	(833)	—
Total sales	59,732	41,566	435	101,733	(833)	100,900
Operating Income	4,676	1,743	103	6,523	3	6,526

(Remarks)

1. The operating income is adjusted by the elimination of the intersegment transactions.

(Per Share Information)

	Fiscal year ended Mar 31, 2025	Fiscal year ended Mar 31, 2026
Net assets per share	¥1,148.93	¥1,277.66
Basic earnings / loss per share	¥75.47	¥129.22
Diluted earnings per share	¥74.25	¥127.05

(Remark)

1. The followings are basis of calculation of basic earnings/loss per share and diluted earnings per share.

	Fiscal year ended Mar 31, 2025	Fiscal year ended Mar 31, 2026
Profit/loss attributable to owners of parent (millions of yen)	3,504	5,777
Amount non-attributable to common stockholder (millions of yen)	—	—
Profit/loss attributable to owners of parent for common share (millions of yen)	3,504	5,777
Average number of shares during the period of common share (thousands of shares)	46,432	44,712
Profit adjustment attributable to owners of parent used to calculate the diluted earnings per share (millions of yen)	—	—
Number of increase common share used to calculate the diluted earnings per share (thousands of shares) Stock compensation type share acquisition rights	762	763
Overview of dilutive share excluded from the calculation of diluted earnings per share due to non-dilutive effect	—	—

(Significant events after reporting period)

There is no related information.

4. Other Matters

Changes in directors

Changes in directors are disclosed separately today.