September 2, 2026
OSAKI ELECTRIC CO., LTD.

FY2026 Q1 Financial Results

Frequently Asked Questions and the Company’s Responses

■ About This Document

Following the announcement of FY2026 Q1 financial results, we have received a wide range of questions from investors and analysts during IR meetings and other channels.
Accordingly, the Company’s responses to the most frequently asked questions are provided below.
We hope this information will help deepen your understanding of the Company’s business structure and future business outlook.

Q1. Net sales and operating profit for FY2026 Q1 both exceeded the levels recorded in the same period of the previous fiscal year and reached record highs for the first quarter. Given these strong results, why did the Company leave its full-year financial forecast unchanged at the time of the Q1 results announcement?

A. There were three main reasons why the Company decided not to revise its full-year financial forecast at this stage.

① In Japan, demand for non-utility meters sold through sales channels to panel manufacturers has remained weak, resulting in sluggish sales. This was mainly due to the impact of revisions to the Top Runner Program for transformers in Japan. Although the Company currently expects demand to recover in the latter half of Q3, it remains necessary to closely monitor the timing of the recovery.

② Overseas, the Company has been proceeding with the full-scale rollout of its next-generation smart meter, “NEOS,” since Q2. However, in Australia, its core market, installation volumes under the government-led “Legacy Meter Replacement Program” (a five-year program covering FY2026 through FY2030) have had a slow start in FY2026. Accordingly, it remains necessary to monitor the progress of the NEOS rollout from Q3 onward.

③ Smart meters, a core product of the Company, use significant amounts of copper and petrochemical products, and procurement costs for both have continued to rise. In particular, procurement prices for petrochemical products remain on an upward trend due to instability in the Middle East. Accordingly, it remains necessary to assess the impact of these cost increases on earnings.

Q2. Why did the Australian government-led "Legacy Meter Replacement Program" have a slow start in its first year?

A. The program is scheduled to be implemented over the five-year period from FY2026 through FY2030. Under government guidelines, however, the number of smart meters to be installed each year is determined by individual meter installation companies.
The reasons for the slow start vary among companies. Factors include securing sufficient installation personnel, assessing workforce proficiency, and evaluating installation capacity. In general, installation plans are conservative, reflecting factors such as available installation capacity and plans to increase installation volumes in the following year after reviewing first-year performance.
Based on the annual installation plans announced by the companies for the five-year period, however, installation volumes are expected to increase in FY2027.

[Reference]
Annual Meter Installation Plan of One Australian Electricity Distributor

	FY2026	FY2027	FY2028	FY2029	FY2030
Installation Ratio	15%	24%	24%	20%	16%

Q3. Are the factors behind the year-on-year increase in overseas operating profit expected to continue? (Further cost reductions in the U.K. / Revenue growth in the Middle East and Africa)

A. 【Further cost reductions in the U.K.】
The improvement was primarily attributable to reductions in fixed costs, particularly those related to R&D functions, and the benefits are expected to continue from Q2 onward.
【Revenue growth in the Middle East and Africa】
The revenue was recognized from outstanding contracts carried over from FY2025. As such, this was a temporary factor, and its contribution is expected to end by Q2.

Q4. What is the impact of rising raw material and component prices on the Company's earnings, and what progress has been made in passing on these higher costs through price adjustments?

A. The Company has been particularly affected by higher procurement costs for copper and petrochemical products. A certain level of increase in copper procurement costs was already incorporated into the full-year financial forecast. Accordingly, current copper procurement costs remain within the range assumed in the full-year forecast. On the other hand, petrochemical product prices have risen sharply and are currently slightly above the assumed level.

The approach to price adjustments differs between Japan and overseas markets. In the Smart Meter Business in Japan, bidding for smart meters supplied to electric utilities is generally conducted on an annual basis. As a result, it is difficult to reflect higher costs in orders that have already been awarded. However, for bids conducted after the rise in raw material and component prices, the increased costs are being reflected in bidding prices on a sequential basis.
For customers in Japan other than electric utilities, the Company is individually requesting selling price revisions.
Overseas, as the process for determining selling prices differs from that in Japan, the Company is conducting price adjustment negotiations based on each customer's circumstances.

[Reference]
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https://www.osaki.co.jp/en/ir/library/result.html

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