FY2024 Financial Results Presentation

May 26, 2025

Mitsuyasu Watanabe
President, Representative Director, and Chief Operating Officer (COO)

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

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1 Business Overview

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Company Profile

(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)

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Business Overview

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, 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)

※ Please refer to the appendix (pp. 27–30) for a business overview from the perspective of the three Cs — customers, our company, and competitors

＜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)

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Business Overview from a 3C Perspective

Smart meters in Japan (1)

OSAKI

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

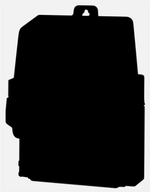
Mechanical Meters

- 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

Sales Ratio

OSAKI → Utilities — Approx. **80%**

OSAKI → Supply components → Utility affiliates (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

OSAKI → Electrical trading company → Panel maker / General contractor Subcon → Office buildings / Commercial facilities / Logistic warehouses

Competitors

- Mitsubishi Electric
- Fuji Electric
- Takaoka Toko

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Business Overview from a 3C Perspective

Smart meters in Japan (2)

OSAKI

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

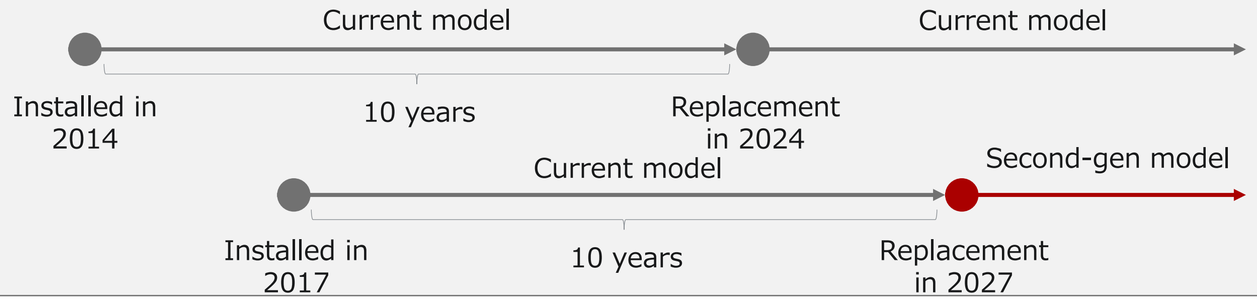
Smart meter business

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

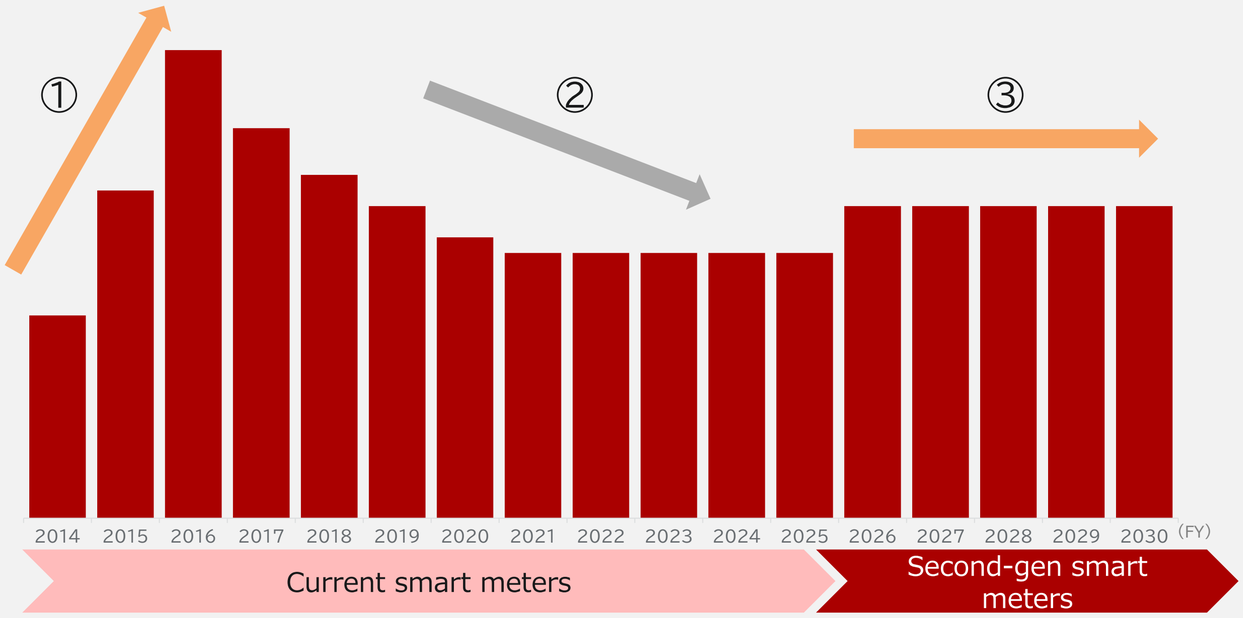
(Example: Units installed in 2014 are being replaced with current models in 2024)

● 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.

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Business Overview from a 3C Perspective

Solution business (partial) /Switchgear

■ Smart Locks

Solution business

Product Features

OPELO

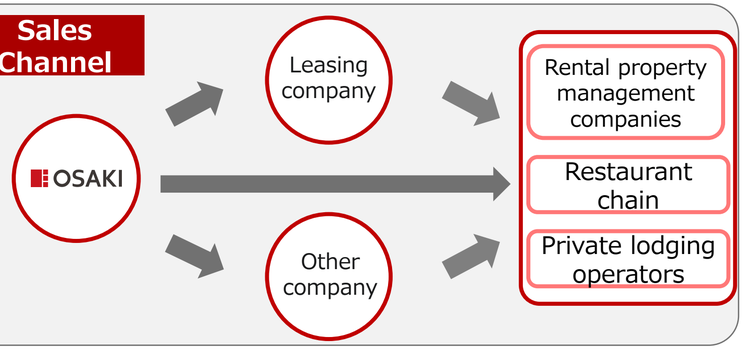
- IC cards and smartphones equipped with key functionality
- Supports direct entry unlock using a password
- No communication network required
  → No unlocking errors caused by hacking risks or communication failures
  → OTP generation feature available
- Integrated with existing door cylinder
  → Robust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

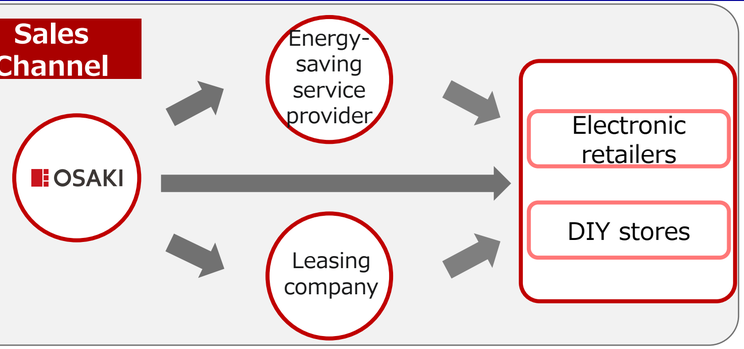
Main customers

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.

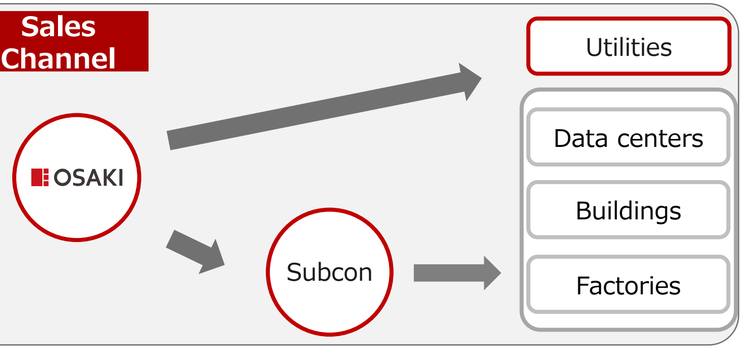
- Utility and industrial segments
- Industrial demand is expanding, driven by data center growth
- Supplying transfer switches, PDUs & PDPs for data centers

Main customers

- Electric utilities
- Via electrical contractors:
  → Data center
  → buildings
  → Factories

Etc.

Sales Channel



Competitors

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

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Business Overview from a 3C Perspective

Smart meters & solutions (Overseas)

OSAKI

Product

- Overseas metering business is operated by EDMI 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

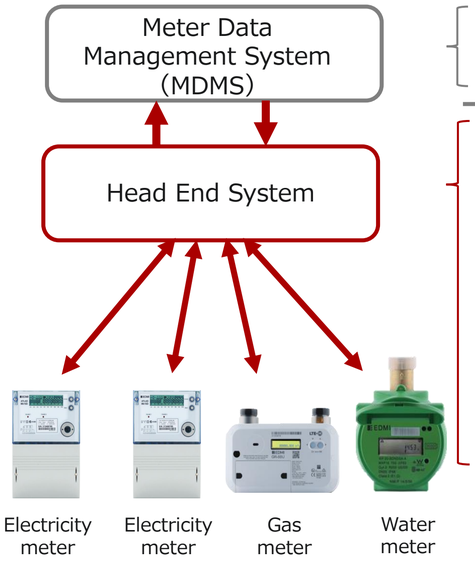
Current smart meters **2005～**

- 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～**

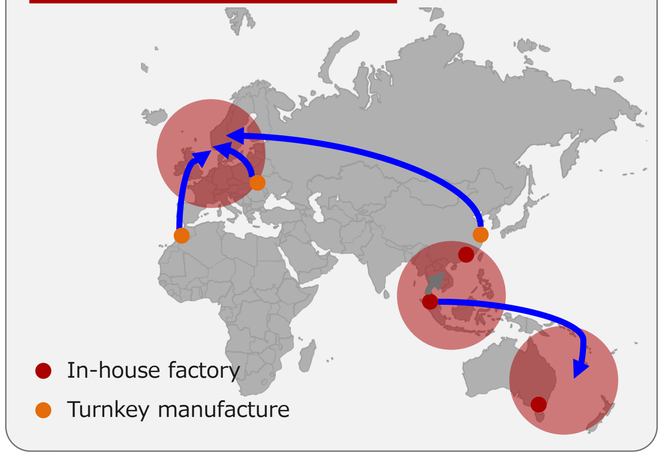
- Standardized on a single design platform
  → Easy integration with metering system
  → Product cost reduction
- Comms module can be retrofitted
  → Improved adaptability to various comms technology

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

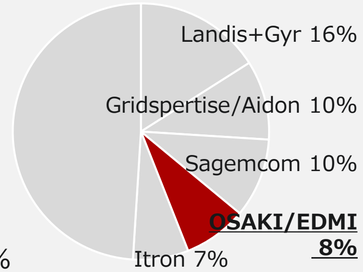
など

Sales channel

EDMI → 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

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OSAKI Group’s Corporate Philosophy and Vision

Philosophy (Purpose)

We create new value for society through visualization of the invisible

Vision

Global Energy Solution Leader

Values

Challenges

Promptness

Innovation

Dedication to Society

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2 FY2024 Financial Summary

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1. FY2024 Financial Highlights

01

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

Sales and profit increased overseas, driven by strong performance in Oceania.
In Japan, however, despite higher sales, profit declined due to changes in the product mix.
As a result, consolidated results showed increased sales and decreased profit.

02

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

【Sales】 A slight decline in the smart meter business was offset by growth in the solution business
【Profit】 Declined due to a change in product mix and increased SG&A expenses

03

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

【Sales】 Increased, driven by strong demand in Oceania
【Profit】 Increased, supported by higher sales in Oceania and favorable exchange rate movements in the UK

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2. FY2024 Consolidated Financial Results (1)

YoY | **Increased Sales Decreased Profit**

OSAKI

【Sales】

Japan Sales in the smart meter business slightly declined due to a moderate decrease in demand for current-generation smart meters
The solution business saw sales growth, driven by strong non-utility meter sales, leading to overall growth

Overseas Overseas sales increased, driven by higher shipments in Oceania for both new installations and replacements

【Profit】

Japan Profit decreased in Japan due to a change in product mix and increased SG&A expenses

Overseas Overseas sales increased due to higher sales in Oceania and improved profit margins driven by favorable exchange rate movements (stronger GBP) in the UK

(Millions of Yen)

	FY2023 Actual		**FY2024 Actual**		YoY Change	
Net Sales (External Sales)	95,147		**97,102**		1,955	+2.1%
Smart meters & solutions in Japan	55,266		**56,084**		818	+1.5%
Smart meters & solutions overseas	40,693		**41,719**		1,026	+2.5%
Real estate	572		**561**		△10	△1.9%
Adjustment	△1,384		**△1,263**		121	—
Operating profit (Rate)	5,874	(6.2%)	**5,701**	**(5.9%)**	△173	△3.0%
Smart meters & solutions in Japan	4,451		**3,965**		△486	△10.9%
Smart meters & solutions overseas	1,155		**1,477**		322	+28.0%
Real estate	277		**270**		△7	△2.7%
Adjustment	△9		**△12**		△2	—
Ordinary profit (Rate)	5,488	(5.8%)	**5,386**	**(5.5%)**	△101	△1.9%
Extraordinary gains and loss	△447		**1,003**		1,450	—
Profit attributable to owners of parent (Rate)	2,407	(2.5%)	**3,504**	**(3.6%)**	1,096	+45.6%

ROE

FY2023 Actual		FY2024 Actual
5.0%	▶	6.9%

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3. Net Sales by Business Portfolio (1) (Japan)

YoY

Smart meters & solutions in Japan

Smart meter Business

Decreased Sales ▼

- Sales for current-generation smart meters declined due to easing demand ahead of second-gen rollout
- Non-meter utility products and services remained steady; overall business declined slightly YoY

Solution Business

Increased Sales ▲

- Sales of smart locks and Green Transformation solutions declined YoY due to stronger competition, inventory adjustments, and product launch delays
- Solid sales of DC meters to non-utility customers, including new accounts, led to overall sales growth YoY

Switchgear Business

Increased Sales ▲

- Sales to both utilities and industrial customers remained firm, with industrial sales—particularly to data centers—growing on the back of continued corporate capital investment

(Millions of Yen)

	FY2023 Actual	**FY2024 Actual**	YoY Change	
Smart meters & solutions in Japan	55,244	**56,061**	817	+1.5%
Smart meter Business	34,966	**34,892**	△73	△0.2%
Solution Business	12,104	**12,934**	830	+6.9%
Switchgear Business	8,173	**8,234**	60	+0.7%

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3. Net Sales by Business Portfolio (2) (Overseas)

YoY

OSAKI

Smart meters & solutions overseas

Oceania	**Increased Sales ▲** • Sales increased YoY due to higher shipments driven by new and replacement demand
Europe	**Decreased Sales▼** • Sales decreased YoY due to lingering effects of inventory adjustments in FY2024 Q1–Q2
Asia	**Decreased Sales▼** • Sales decreased YoY following a faster exit from low-margin businesses, such as standalone meter sales
The Middle East & Africa	**Decreased Sales▼** • Sales decreased due to selective order-taking based on credit risk considerations

(Millions of Yen)

	FY2023 Actual	**FY2024 Actual**	YoY Change	
Smart meters & solutions overseas	39,436	**40,584**	1,148	+2.9%
Oceania	16,966	**21,147**	4,181	+24.6%
Europe	15,783	**13,451**	△2,332	△14.8%
Asia	5,049	**4,693**	△355	△7.0%
The Middle East & Africa	1,637	**1,292**	△345	△21.1%
Average FX Rate (JPY/USD)	140.67	**151.69**		

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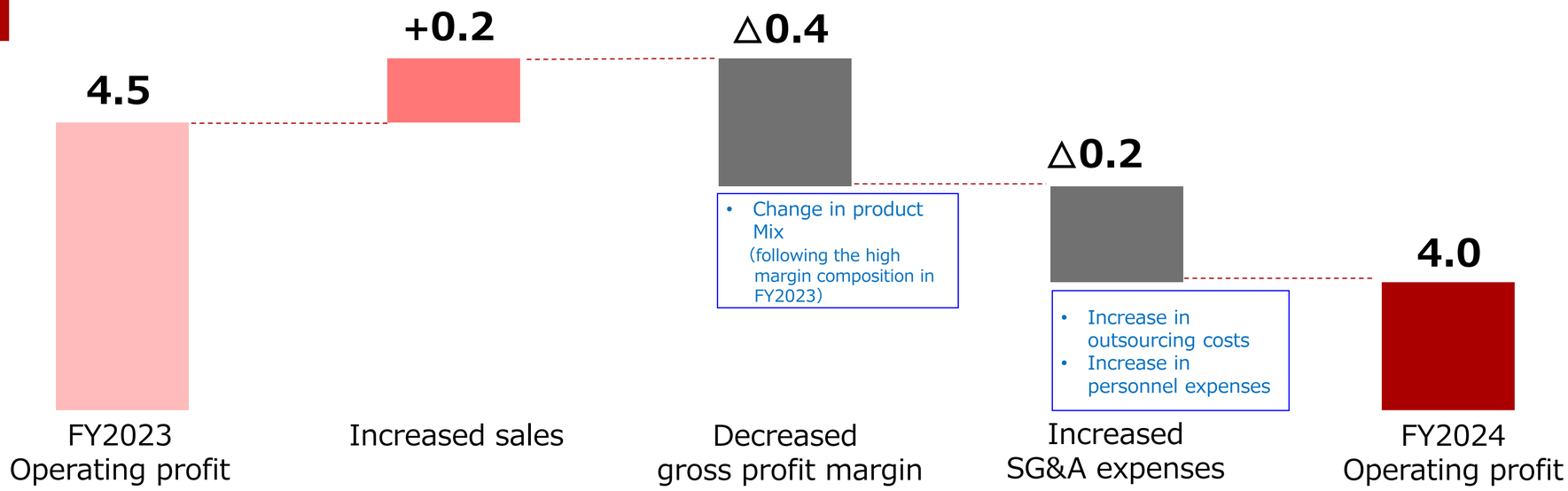
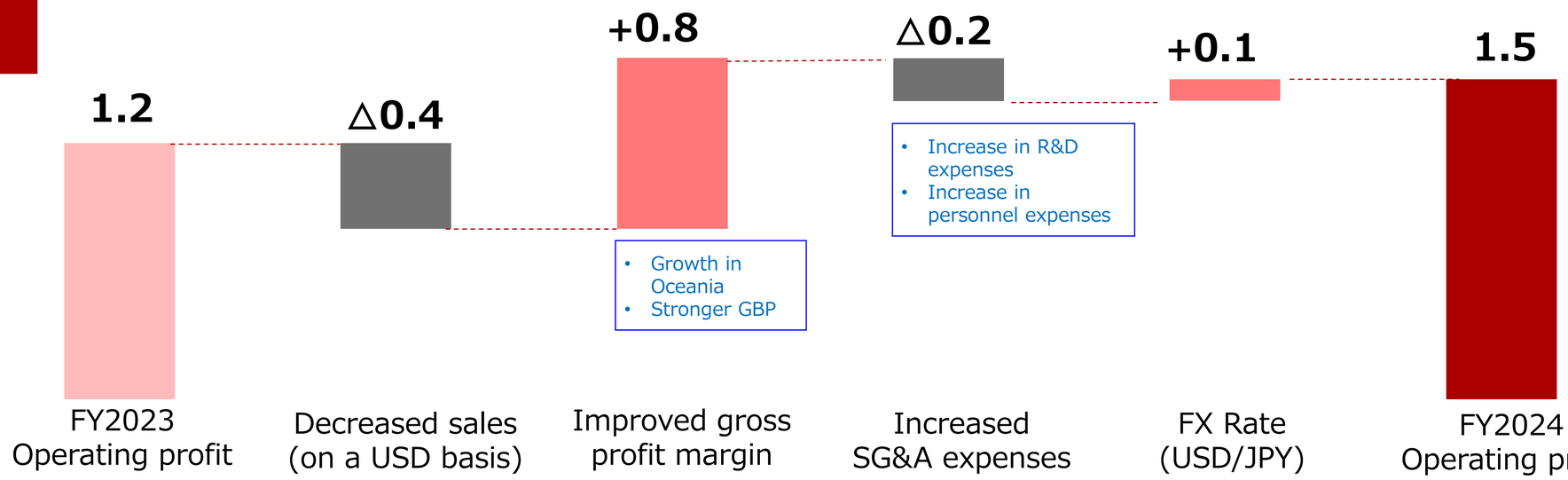
4. Operating Profit Variance Analysis

(Billions of Yen)

Smart meters & solutions in Japan



Smart meters & solutions overseas



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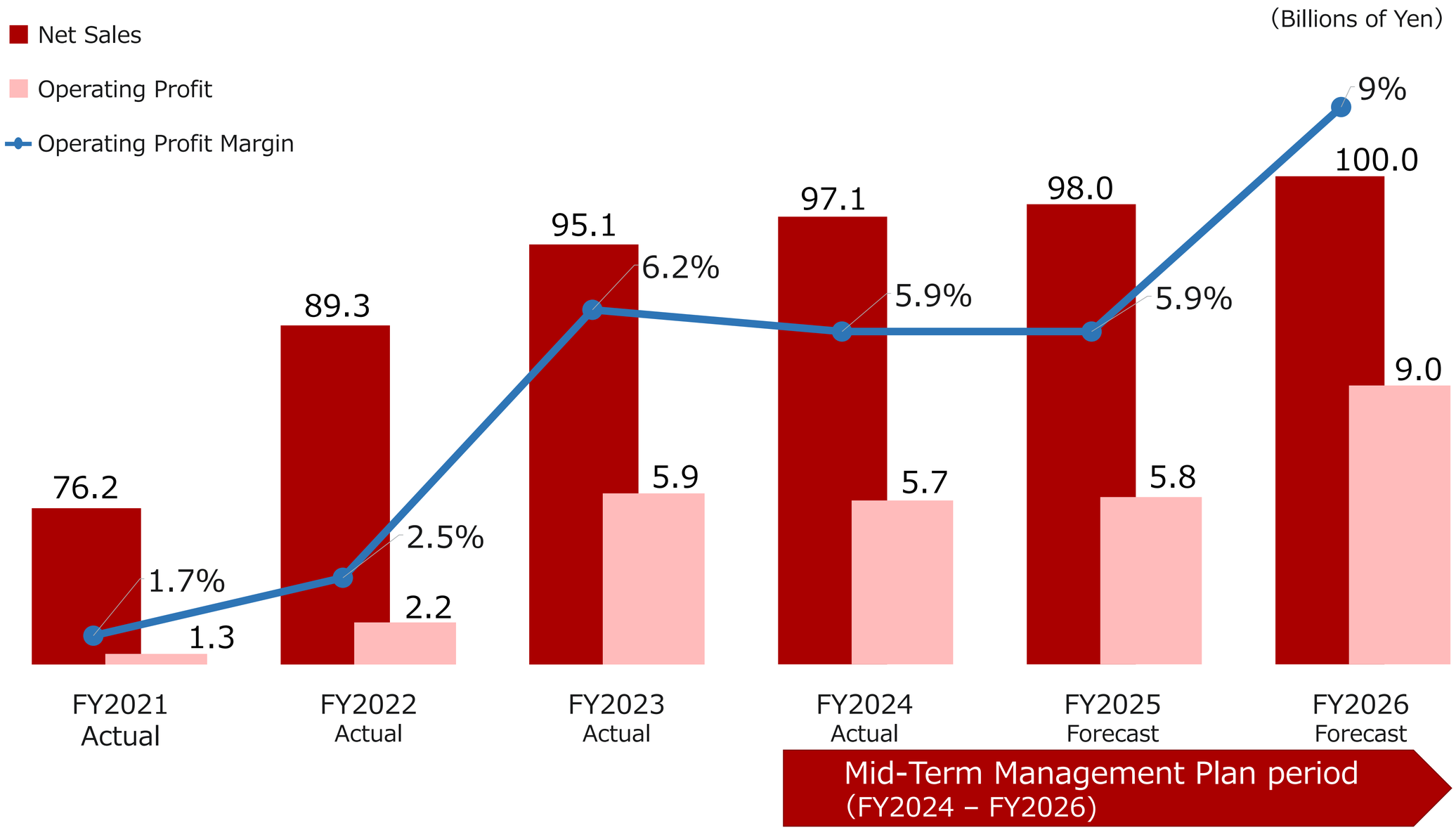
5. Trends in Net Sales, Operating Profit, and Operating Profit Margin



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6. FY2024 Consolidated Financial Results (2)

Against the initial forecast **Increased Sales and Profit**

OSAKI

【Sales】

Japan Sales increased in the smart meter business through integrated efforts across production and sales to secure orders amid demand fluctuations

Overseas Sales increased due to additional orders from Oceania and a weaker yen compared to the initial forecast

【Profit】

Japan Profit increased due to sales growth in the smart meter business and lower SG&A expenses

Overseas Profit decreased due to selective order-taking in the Middle East and Africa, based on credit risk considerations

(Millions of Yen)

	FY2024 Initial Forecast		**FY2024 Actual**		YoY Change	
Net Sales (External Sales)	90,000		**97,102**		7,102	+7.9%
Smart meters & solutions in Japan	53,500		**56,084**		2,584	+4.8%
Smart meters & solutions overseas	37,000		**41,719**		4,719	+12.8%
Real estate	600		**561**		△38	△6.4%
Adjustment	△1,100		**△1,263**		△163	—
Operating profit (Rate)	4,700	(5.2%)	**5,701**	**(5.9%)**	1,001	+21.3%
Smart meters & solutions in Japan	2,600		**3,965**		1,365	+52.5%
Smart meters & solutions overseas	1,800		**1,477**		△322	△17.9%
Real estate	300		**270**		△29	△10.0%
Adjustment	—		**△12**		△12	—
Ordinary profit (Rate)	3,900	(4.3%)	**5,386**	**(5.5%)**	1,486	+38.1%
Profit attributable to owners of parent (Rate)	2,000	(2.2%)	**3,504**	**(3.6%)**	1,504	+75.2%

ROE

FY2024 Initial Forecast	FY2024 Actual
4.0%	▶ 6.9%

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7. Business Progress Assessment (FY2024)

Smart meters & solutions in Japan

	Progress	Key highlights
Smart meter business	Good	・Orders for current smart meters have exceeded the initial forecast ・Second-gen smart meter production line is progressing smoothly
Solution business	Slightly good	・Non-utility meter sales exceeded the initial forecast due to new customer acquisitions. ・Green Transformation (GX) services and smart locks fell short of the forecast due to delayed market launch
Switchgear business	Good	・Steady progress continues, supported by strong corporate investment, including in data centers

・Progress is assessed using a four-level internal rating system: Good, Slightly good, Slightly poor, Poor

・Progress on the FY2024 business plan is evaluated based on net sales, gross profit, and qualitative factors

Smart meters & solutions overseas

	Progress	Key highlights
Oceania	Good	・Exceeded the initial forecast due to additional orders ・Development and production preparation for next-gen meters is progressing as planned
Europe (UK)	Good	・Shipments remain steady, in line with the initial forecast ・Profit margins improved due to selective orders focused on profitability and a stronger pound
Asia	Slightly good	・Shipments on track with the initial forecast
The Middle East & Africa	Poor	・The forecast was not met due to selective order-taking based on credit risk considerations

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8. Recording of Extraordinary Gains and Losses

Extraordinary Gains

- Gains were recorded from the sale of real estate and strategic shareholdings as part of efforts to effectively utilize management resources and enhance asset efficiency

Extraordinary Losses

- Expenses including retirement benefits were recorded in connection with organizational transformation initiatives overseas to optimize business operations

(Millions of Yen)

	FY2024 Actual	Details
Extraordinary gains	**1,367**	
Gain on sale of investment securities	430	Sale of strategic shareholdings
Gain on sale of fixed assets	936	Partial sale of real estate
Extraordinary loss	**△364**	
Business Restructuring Expenses	△278	Overseas organizational and structural transformation
Loss on retirement of non-current assets	△86	
Total	**1,002**	

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9. Balance Sheet / Cash Flow Statement

Balance Sheet

- Accounts receivable decreased due to overseas collections
- Inventories increased in preparation for future overseas shipments
- Borrowings increased to meet overseas funding needs
- Net cash: 7.1 billion yen, Equity ratio: 51.9%

(Millions of Yen)

	End of FY2023	**End of FY2024**	YoY Change	Key factors behind the increase/decrease
Total assets	95,641	**100,513**	4,872	Cash +4,417 Accounts receivable △1,280 Inventories +2,579 Property, plant and equipment +1,505
Current assets	55,464	**59,547**	4,082	
Non-current assets	40,177	**40,966**	789	
Total liabilities	33,108	**37,170**	4,061	Trade payable +294 Borrowings +2,228
Current liabilities	22,197	**29,240**	7,042	
Non-current liabilities	10,910	**7,930**	△2,980	
Total net asset	62,532	**63,343**	810	
Equity	49,609	**52,151**	2,542	
Non-controlling interests	12,456	**10,724**	△1,731	
Other	466	**466**	-	
Capital adequacy ratio	51.9%	**51.9%**	0.0%	

Cash Flow

- Operating cash flow totaled 6.8 billion yen, driven by an increase in net income and a decrease in accounts receivable
- Free cash flow: 5.6 billion yen

(Millions of Yen)

	End of FY2023	**End of FY2024**
Cash flows from operating activities	4,187	**6,889**
Cash flows from investing activities	△2,895	**△1,229**
Cash flows from financing activities	△2,990	**△3,028**
Free cash flow	1,291	**5,659**

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3 FY2025 Financial Forecast

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1. FY2025 Financial Forecast (1)

YoY Summary

Increased Sales and Profit

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【Sales】

Japan Sales projected to grow with the gradual introduction of second-gen smart meters

Overseas Sales expected to increase in USD terms due to continued progress in the UK smart meter project, with shipments to Oceania projected to remain in line with FY2024 levels, but decline in JPY terms based on a stronger assumed exchange rate

【Profit】

Japan Profit expected to decline due to higher depreciation and increased SG&A expenses

Overseas Profit expected to increase due to higher sales in Oceania, improved margins from next-generation smart meter sales, and a reduction in SG&A expenses

(Millions of Yen)

	FY2024 H1 Actual	**FY2025 H1 Forecast**	YoY Change		FY2024 Actual	**FY2025 Forecast**	YoY Change	
Net sales	44,451	**45,500**	1,048	+2.4%	97,102	**98,000**	897	+0.9%
Operating profit	1,730	**1,200**	△530	△30.7%	5,701	**5,800**	98	+1.7%
Ordinary profit	1,568	**1,100**	△468	△29.9%	5,386	**5,700**	313	+5.8%
Profit attributable to owners to owners of parent	571	**100**	△471	△82.5%	3,504	**3,600**	95	+2.7%

ROE

FY2024 Actual	FY2025 Forecast
6.9%	7.0%

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1. FY2025 Financial Forecast (2)

YoY by Segment

Japan 【Sales】
- Solutions and Switchgear businesses expected to remain flat
- Smart meter sales to grow with the rollout of second-gen models in H2

Increased Sales Decreased Profit

【Profit】
- Profit expected to decline due to increased depreciation and higher SG&A expenses, mainly personnel costs, in preparation for the launch of second-gen smart meter sales

Overseas 【Sales】
- Shipments to Oceania expected to remain in line with FY2024 levels
- UK sales rise, supported by the ongoing government smart meter project
- Sales expected to increase in USD, but fall in JPY due to a stronger yen assumption

Decreased Sales Increased Profit

【Profit】
- Profit increased due to higher sales and reduced SG&A expenses from organizational transformation

(Millions of Yen)	FY2024 H1 Actual	**FY2025 H1 Forecast**	YoY Change		FY2024 Actual	**FY2025 Forecast**	YoY Change	
Net sales	44,451	**45,500**	1,048	+2.4%	97,102	**98,000**	897	+0.9%
Smart meters & solutions in Japan	25,379	**27,800**	2,420	+9.5%	56,061	**57,700**	1,638	+2.9%
Smart meters & solutions overseas	18,847	**17,500**	△1,347	△7.1%	40,584	**40,000**	△584	△1.4%
Real estate	224	**200**	△24	△11.0%	456	**300**	△156	△34.2%
Operating profit	1,730	**1,200**	△530	△30.7%	5,701	**5,800**	98	+1.7%
Smart meters & solutions in Japan	1,265	**750**	△515	△40.7%	3,965	**3,500**	△465	△11.7%
Smart meters & solutions overseas	331	**350**	18	+5.7%	1,477	**2,200**	722	+48.9%
Real estate	136	**100**	△36	△26.5%	270	**100**	△170	△63.0%
Adjustment	△2	**-**	2	-	△12	**-**	12	-

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2. Net Sales by Business Portfolio (1) (Japan)

YoY

OSAKI

Smart meters & solutions in Japan

Smart meter Business	**Increased Sales▲**	• Sales expected to decline due to the discontinuation of the current smart meters • Sales expected to increase with the launch of second-gen smart meter (Second-gen smart meters: Production to begin in H1 FY2025; sales to start in H2)
Solution Business	**Increased Sales▲**	• Non-utility meter sales expected to remain steady, in line with FY2024 levels • Green transformation solutions to expand sales by acquiring new customers • Smart lock sales expected to increase with the launch of new products • Sales expected to remain flat YoY due to a decline in subsidiary product demand following FY2024
Switchgear Business	**Decreased Sales▼**	• Sales to both utility and industrial customers expected to remain steady, in line with FY2024 levels

(Millions of Yen)

	FY2024 Actual	**FY2025 Forecast**	YoY Change	
Smart meters & solutions in Japan	56,061	**57,700**	1,638	+2.9%
Smart meter Business	34,892	**36,700**	1,807	+5.2%
Solution Business	12,934	**13,000**	65	+0.5%
Switchgear Business	8,234	**8,000**	△234	△2.8%

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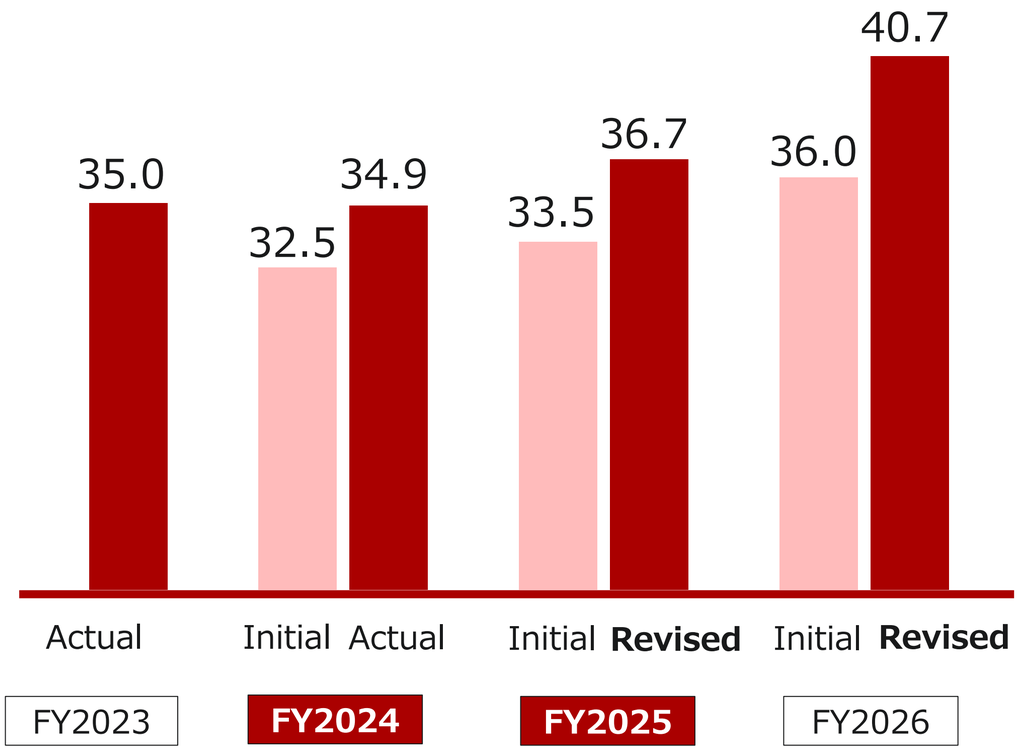
3. Overview by Business Portfolio (Japan：Smart Meter Business)

Net sales

(Billions of Yen)



FY2024 Progress（vs. Initial Forecast）

＜Current smart meters＞

- Secured orders exceeding the initial plan through integrated production and sales response to demand fluctuations

＜Second-gen smart meters to launch in 2H FY2025＞

- Started building automated, labor-saving production lines incorporating AI and AMRs (Autonomous Mobile Robot) in selected processes（to be completed in H1 FY2025）
- Bidding expected to maintain current market share, as planned

Forecast in FY2025

【vs. FY2024】

- Reduce sales due to the end of production for current-generation smart meters
- Increase sales through the launch of second-generation smart meters

【vs. Initial Forecast】

- Expect higher sales based on the bidding status for second-generation smart meters

＜Second-gen smart meters＞
- Production start in 1H FY2025, sales launch in 2H
- Phase 1 line completed in 1H, Phase 2 construction starts thereafter

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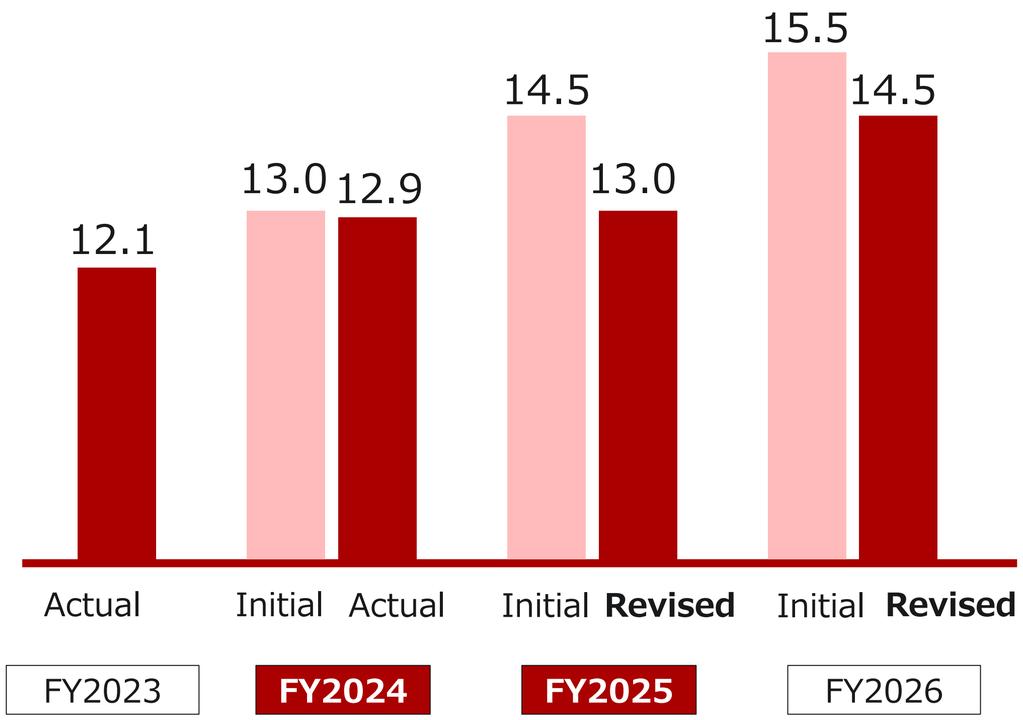
3. Overview by Business Portfolio (Japan：Solution Business)

Net sales

(Billions of Yen)



FY2024 Progress（vs. Initial Forecast）

- **Exceed initial plan by acquiring new non-utility customers**
  (Meters sold to non-utility customers are recorded under the “Solution Business”)
- **GX services fell short of the forecast due to intensified competition and delays in the launch of certain services**
- **Smart locks fell short of the forecast due to customer inventory adjustments, delays in new product launches, and slower expansion beyond the rental housing market**

Forecast in FY2025

【vs. FY2024】

- **Maintain steady sales of meters for non-utility customers, in line with FY2024**
- **Expand sales of GX services by acquiring new customers**
- **Increase smart lock sales through launch of new products**
- **Match FY2024 levels due to post-peak sales adjustment for some subsidiary products**

【vs. Initial Forecast】

- **Exceed initial plan by acquiring new non-utility customers**
- **Fall below initial plan for GX services due to delays in energy management rollout**
- **Fall below initial plan for smart locks due to delays in new product launch**

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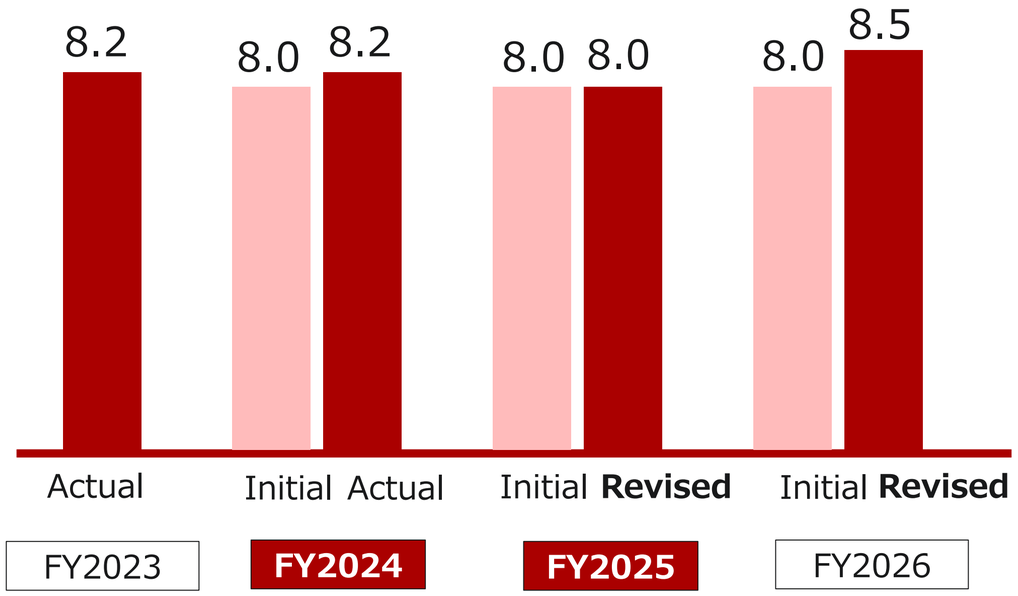
3. Overview by Business Portfolio (Japan ： Switchgear Business)

Net sales

(Billions of Yen)



FY2024 Progress（vs. Initial Forecast）

- **Consists of utility and industrial segments, with data centers as the main focus for industrial sales**
- **Sales to data centers are progressing steadily, supported by strong corporate capital investment**

Forecast in FY2025

【vs. FY2024】【vs. Initial Forecast】

- **Both utility and industrial demand remain firm. Although slightly below FY2024 results, performance is in line with the initial forecast**

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4. Net Sales by Business Portfolio (2) (Overseas)

YoY

OSAKI

Smart meters & solutions overseas

Oceania	**Decreased Sales▼**	• Shipments are expected to remain in line with FY2024 levels • Sales expected to decline in JPY on a stronger yen assumption
Europe	**Decreased Sales▼**	• Sales in the UK expected to increase due to the continued government smart meter project • Sales expected to decline in JPY on a stronger yen assumption
Asia	**Decreased Sales▼**	• Sales projected to decline due to reduced standalone meter sales • Sales expected to decline on weaker demand ahead of next-gen C&I meter launch (H2 FY2026)
The Middle East & Africa	**Increased Sales▲**	• Sales expected to increase through steady execution of existing customer contracts

(Millions of Yen)

	FY2024 Actual	**FY2025 Forecast**	YoY Change	
Smart meters & solutions overseas	40,584	**40,000**	△584	△1.4%
Oceania	21,147	**19,500**	△1,647	△7.8%
Europe	13,451	**13,000**	△451	△3.4%
Asia	4,693	**4,000**	△693	△14.8%
The Middle East & Africa	1,292	**3,500**	2,207	+170.8%
Average FX Rate (JPY/USD)	151.69	**140.00**		

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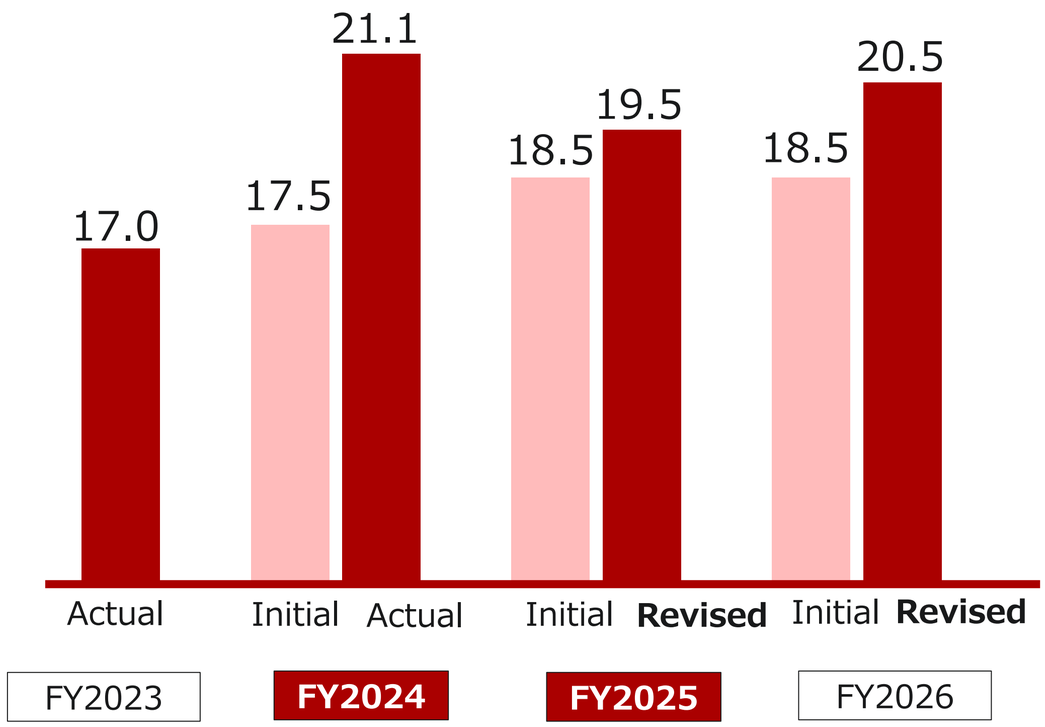
5. Overview by Business Portfolio (Overseas : Oceania)

Net sales

(Billions of Yen)



FY2024 Progress（vs. Initial Forecast）

- Additional orders, mainly from Australia, led to results exceeding the initial forecast
- Revenue increased further due to a weaker yen against the U.S. dollar compared to the assumed forex rate
- Development and production preparation for next-generation meters are progressing as planned

Forecast in FY2025

【vs. FY2024】

- Shipments are expected to remain at the FY2024 level, supported by new demand in Australia and replacement demand in New Zealand
- Due to a stronger yen assumption against the U.S. dollar, sales in yen terms are expected to decline
- Aim to improve profit margins through the introduction of next-generation meters

【vs. Initial Forecast】

- Sales are increasing due to strong orders, along with additional growth from the revision of the assumed forex rate (USD/JPY)

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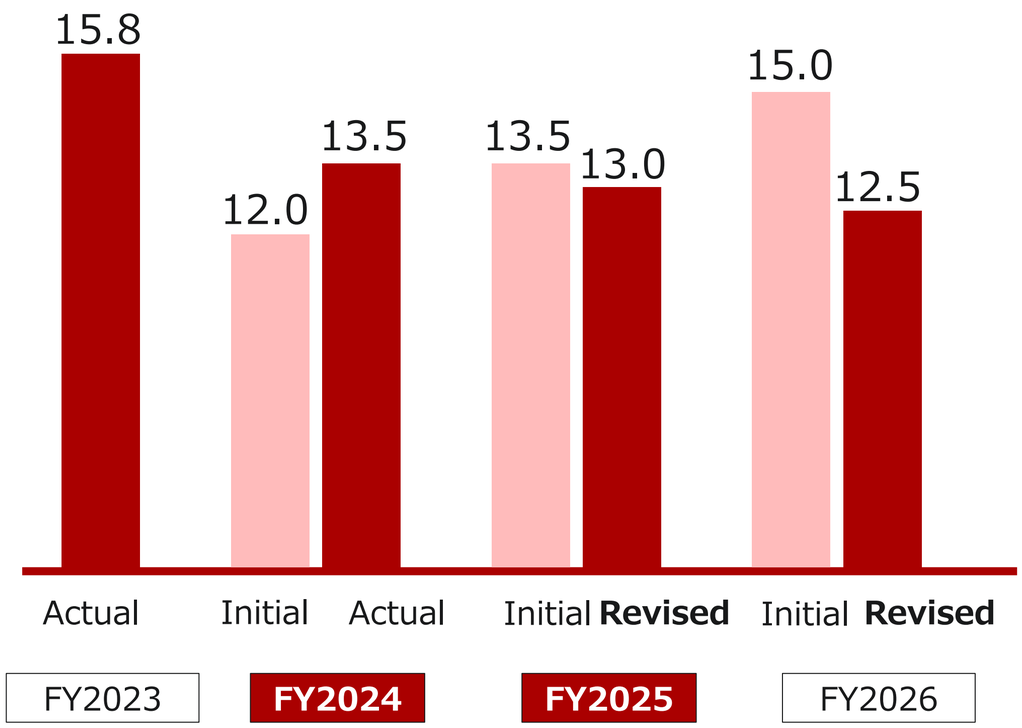
5. Overview by Business Portfolio (Overseas： Europe （UK）)

Net sales

(Billions of Yen)



FY2024 Progress（vs. Initial Forecast）

- **Shipments are steady and in line with the initial forecast**
- **Revenue increased due to a weaker yen against the U.S. dollar compared to the assumed forex rate**
- **Profit margins improved through selective order-taking focused on profitability and the impact of a stronger pound.**

Forecast in FY2025

【vs. FY2024】

- **Expect increased sales due to continued progress of the government's Smart Meter Project**
- **Due to a stronger yen assumption against the U.S. dollar, sales in yen terms are expected to decline, while sales in U.S. dollar terms are expected to see a slight increase**
- **Aim to improve profit margins through selective order-taking focused on profitability and cost reduction efforts**

【vs. Initial Forecast】

- **Due to delays in the progress of the government’s Smart Meter Project, shipments are expected to fall below the initial forecast.**

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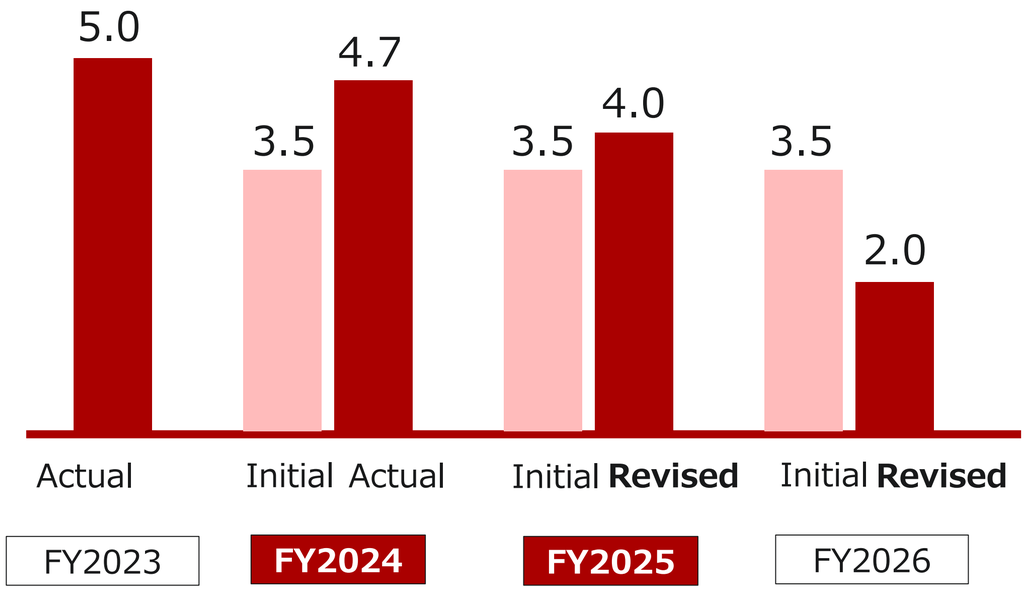
5. Overview by Business Portfolio (Overseas : Asia)

Net sales

(Billions of Yen)



FY2024 Progress（vs. Initial Forecast）

- **Shipments are in line with the initial forecast, and revenue increased due to a weaker yen against the U.S. dollar compared to the assumed forex rate**

Forecast in FY2025

【vs. FY2024】

- **Revenue decreased due to the decline in standalone meter sales**
- **Revenue also declined due to reduced demand ahead of the transition to next-generation industrial meters (to be introduced in the second half of FY2026)**

【vs. Initial Forecast】

- **Shipments are in line with the initial forecast, and revenue increased due to the revision of the assumed forex rate (USD/JPY)**

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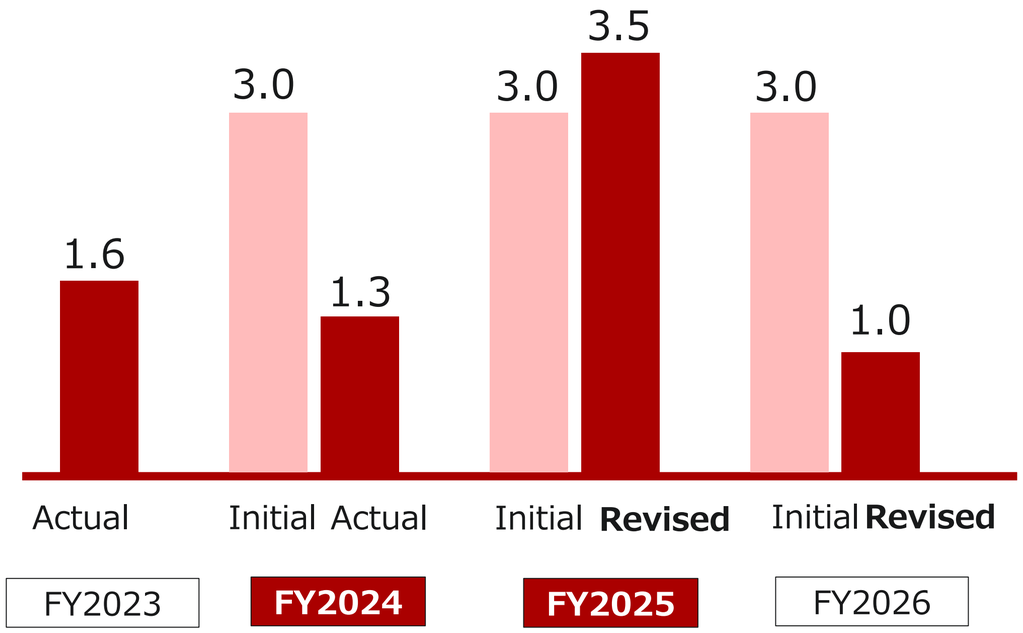
5. Overview by Business Portfolio (Overseas : The Middle East & Africa)

Net sales

(Billions of Yen)



FY2024 Progress（vs. Initial Forecast）

- Revenue decreased due to selective order-taking based on credit risk considerations
- Profit margins improved through cost reduction

Forecast in FY2025

【vs. FY2024】

- Revenue increased by steadily executing sales under existing customer contracts

【vs. Initial Forecast】

- Reviewing future business strategy, considering profitability, accounts receivable collection, and competitive environment (Sales channels have been restructured; optimizing business scale remains a challenge)

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4 Progress of the Mid-Term Management Plan

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1. Revisions to the Financial Targets

(Billions of Yen)	FY2024 Forecast	FY2024 Actual	FY2025 Initial Forecast	FY2025 Revised Forecast	FY2026 Forecast (No revisions)
Net sales	90.0	97.1	95.0	98.0	100.0
Operating profit	4.7	5.7	5.5	5.8	9.0
Net profit	2.0	3.5	3.5	3.6	5.5
Operating profit margin	5.2%	5.9%	5.8%	5.9%	9.0%
ROE	4.0%	6.9%	6.5%	7.0%	10.0%

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2. Reasons for The Revisions

- For FY2025, net sales and operating profit forecasts have been revised, reflecting updated forex assumptions and recent trends
- For FY2026, no revisions have been made as progress is broadly in line with the initial forecast

  (Note: Partial revisions have been made to sales by business portfolio and operating profit by segment)

	FY2025	FY2026 (for reference)
Key reasons for the revision	【Net sales】 Upward Revision • Increase in overseas sales due to revised forex rates (130 yen→140 yen) • Stronger-than-expected sales in smart meter business in Japan 【Operating profit】 Upward Revision • Profit increased in the business in Japan due to stronger sales in the smart meter business • Profit decreased in the overseas business and the real estate business	【Net sales】 • Revenue is expected to decrease in the overseas business due to the withdrawal from low-profit businesses • Meanwhile, revenue in smart meter business in Japan is expected to increase, resulting in no revision to the consolidated net sales forecast 【Operating profit】 • Profit is expected to increase in the business in Japan due to stronger sales in the smart meter business • In the overseas business, profit is expected to decline in USD terms but remain in line with the initial forecast after forex adjustments • Profit is expected to decrease in the real estate business due to the sale of rental properties • No revision is made to the consolidated operating profit forecast

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3. Financial Targets（Details）

(Billions of Yen)

Net sales
(By business portfolio)

	FY2024		FY2025		FY2026	
	Initial Forecast	Actual	Initial Forecast	Revised Forecast	Initial Forecast	Revised Forecast
Smart meters & solutions in Japan	53.5	56.1	56.0	**57.7**	59.5	**63.7**
Smat meter business	32.5	34.9	33.5	**36.7**	36.0	**40.7**
Solution business	13.0	12.9	14.5	**13.0**	15.5	**14.5**
Swichgear business	8.0	8.2	8.0	**8.0**	8.0	**8.5**
Smart meters & solutions overseas	36.0	40.6	38.5	**40.0**	40.0	**36.0**
Oceania	17.5	21.1	18.5	**19.5**	18.5	**20.5**
Europe	12.0	13.5	13.5	**13.0**	15.0	**12.5**
Asia	3.5	4.7	3.5	**4.0**	3.5	**2.0**
The Middle East & Africa	3.0	1.3	3.0	**3.5**	3.0	**1.0**
Real estate	0.5	0.5	0.5	**0.3**	0.5	**0.3**
Total	90.0	97.1	95.0	**98.0**	100.0	**100.0**

Operating profit
(By segments)

Smart meters & solutions in Japan	2.6	4.0	2.6	**3.5**	5.4	**5.6**
Smart meters & solutions overseas	1.8	1.5	2.6	**2.2**	3.3	**3.3**
Real estate	0.3	0.3	0.3	**0.1**	0.3	**0.1**
Total	4.7	5.7	5.5	**5.8**	9.0	**9.0**

Assumed Exchange Rate for FY2025–FY2026: 140 JPY/USD (130 JPY/USD at the time of Mid-Term Management Plan formulation)

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4. 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

OSAKI

■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)

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4. Strategy by Segment

(Excluding Real Estate Business)

Solutions business

*Non-utility meter collectively 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 ・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	(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

FY2026	(Specific Measures)
● 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

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4. Strategy by Segment

(Excluding Real Estate Business)

Smart meters & solutions overseas

OSAKI

■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)
● Transform into a true solution business ● Redesign the entire supply chain ● Optimize costs and mobility through organizationa 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

FY2026	(Specific Measures)
● 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)

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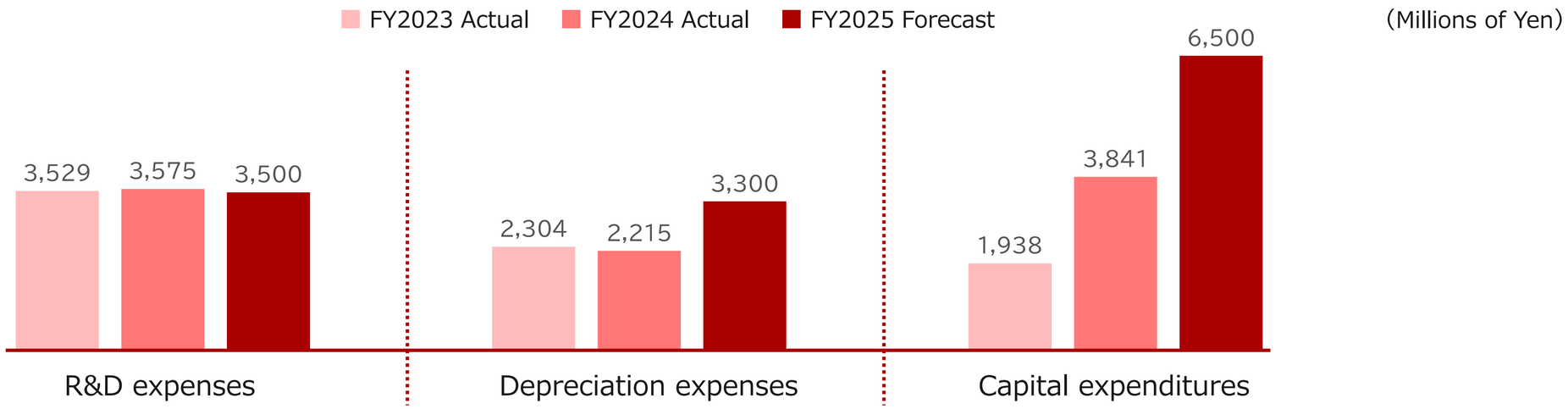
5. R&D, Depreciation and Capital Expenditures



(Millions of Yen)

	FY2023 Actual	FY2024 Actual	**FY2025 Forecast**	YoY Change	
R&D expenses	3,529	3,575	**3,500**	△75	△2.1%
Depreciation expenses	2,304	2,215	**3,300**	1,084	+48.9%
Capital expenditures	1,938	3,841	**6,500**	2,658	+69.2%

＜FY2025 Forecast＞

【R&D expenses】
- Ongoing R&D investment in smart meters globally and solution business in Japan

【Depreciation expenses】
- Depreciation to rise in advance of large-scale rollout of second-gen smart meters

【Capital expenditures】
- Ongoing capital investment in second-gen smart meters

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(Reference)

Mid-Term Management Plan Financial Targets

(Billions of Yen)	FY2024 Initial Forecast	FY2024 Actual	FY2025 Initial Forecast	FY2025 Revised forecast	FY2026 Forecast
Net sales	90.0	**97.1**	95.0	**98.0**	**100.0**
Operating profit	4.7	**5.7**	5.5	**5.8**	**9.0**
Operating profit margin	5.2%	**5.9%**	5.8%	**5.9%**	**9.0%**
Net profit	2.0	**3.5**	3.5	**3.6**	**5.5**
Net profit margin	2.2%	**3.6%**	3.7%	**3.7%**	**5.5%**
ROE	4.0%	**6.9%**	6.5%	**7.0%**	**10.0%**

	FY2024 Actual	Three-year cumulative total
Capital expenditures	3.8	**Approx. 14.0**
Depreciation expenses	2.2	**Approx. 9.0**
R&D expenses	3.6	**Approx. 10.0**

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6. Expected External Environment and Risk/Opportunity Responses (as of May 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

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6. Expected External Environment and Risk/Opportunity Responses (as of May 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

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5 Fostering Management Conscious of Capital Cost and Stock Price (Updated)

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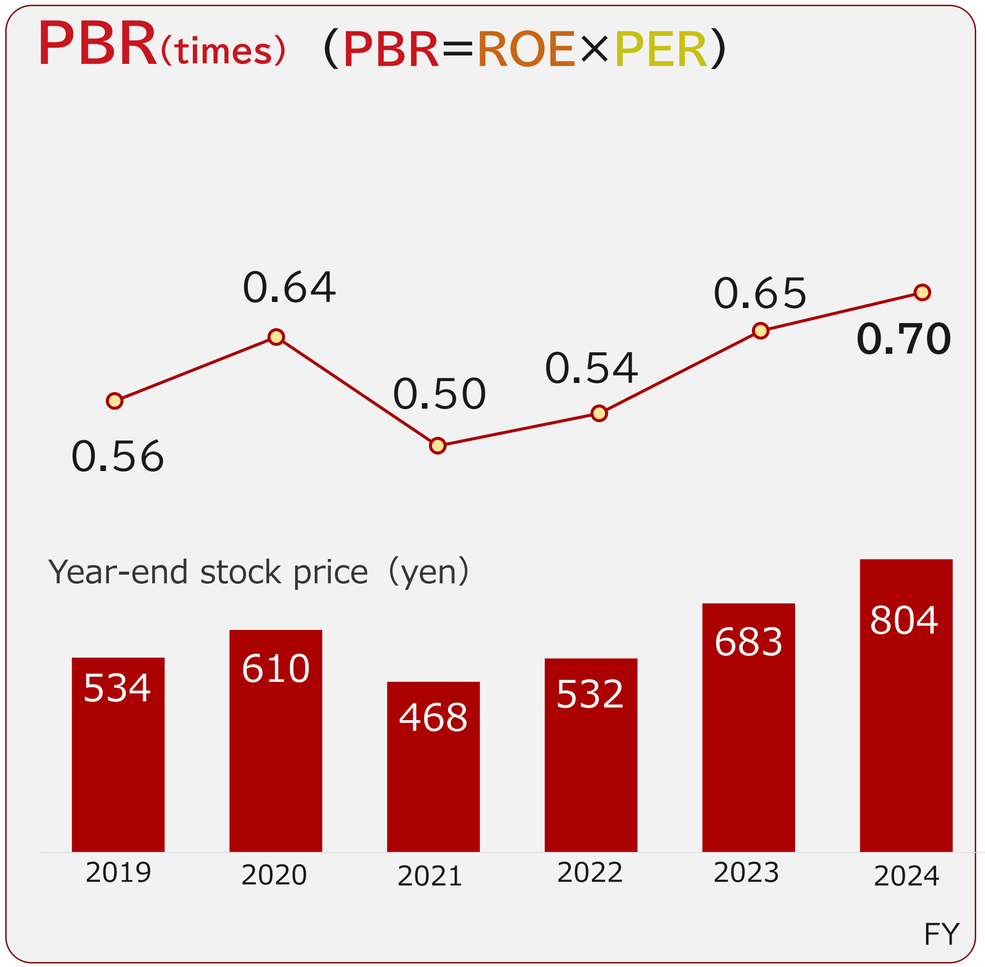
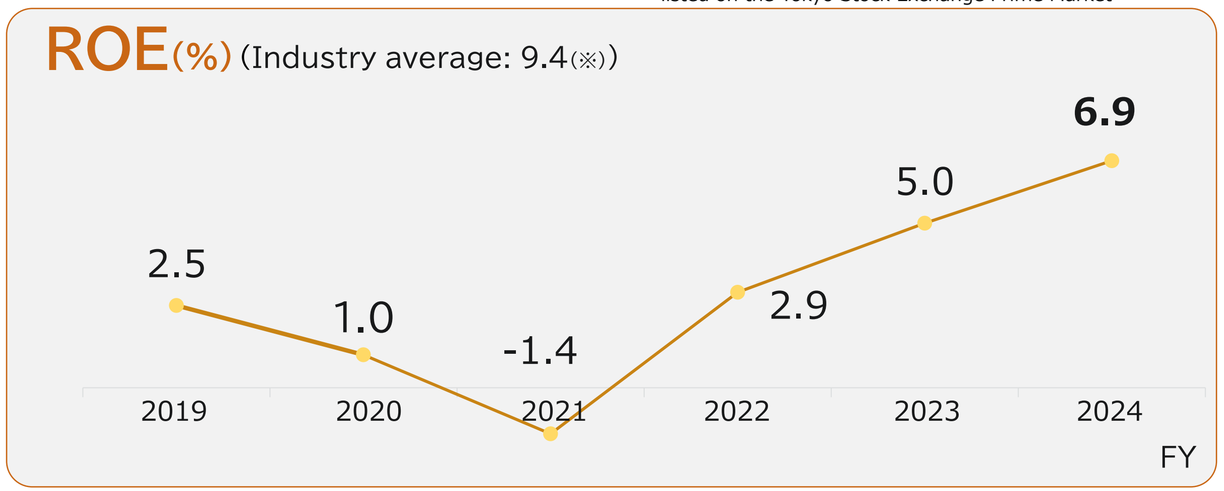
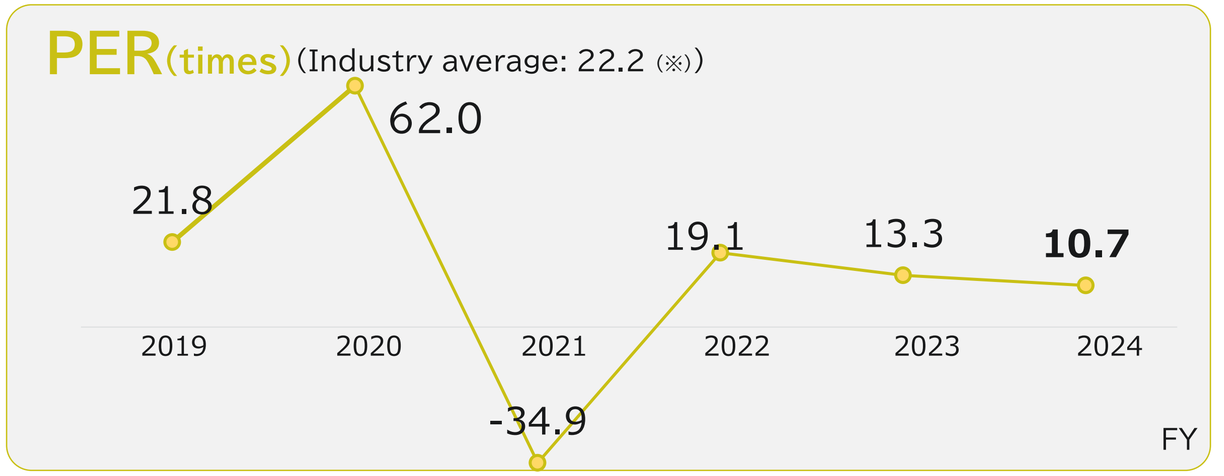
1. Current Situation

- Although PBR is on an upward trend, it remains around 0.7 times, continuing to stay below 1.0
- Low PBR is primarily attributed to stagnant ROE
- PER is also below the industry average. This suggests that expectations for our company's future profit growth are low

※ Industry average: Average of 129 electrical equipment companies listed on the Tokyo Stock Exchange Prime Market







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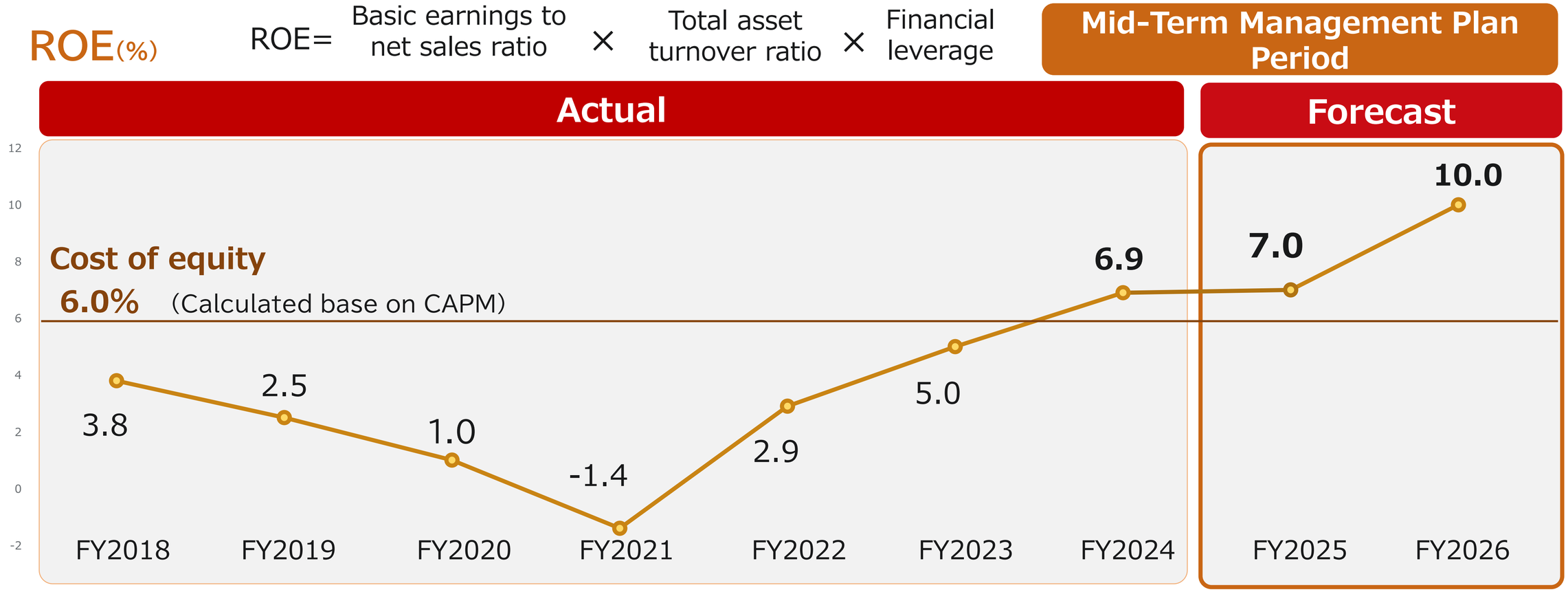
2. Underlying Policy for Improving ROE

- **Achieve 10% ROE early and aim for further improvement** 【Revision of targets】
- The cost of equity capital is revised to **6.0%** (5.2% for the FY2024). It is recognized that there is a discrepancy with the market's expected return
- Work towards improving ROE by **enhancing profitability** and **optimizing capital efficiency**

ROE(%)

ROE= Basic earnings to net sales ratio × Total asset turnover ratio × Financial leverage



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3. Scenario for Achieving 10% ROE in FY2026 (as of May 2025)

Initiatives to Improve ROE

(1) Improving the net profit margin (2) Enhancing the total asset turnover ratio

(1) Improving the net profit margin

Japan

- **Improve profitability through the full-scale rollout of second-generation smart meters**
  - Increase in volume starting in FY2026 (gradual decline in demand through FY2025)
  - Improve profitability through higher operating rates and cost reductions
- **Expansion of the Solution business**

Overseas

- **Expand sales and improve profitability in Oceania (growth market)**
  - Launch next-generation meters on a full scale (FY2026)
- **Improving profitability by introducing next-generation industrial meters (starting in FY2026)**
- **Cost reduction through organizational transformation**

→ Net Profit 9 billion yen (+3.2 billion yen vs. FY2025)

(2) Enhancing the total asset turnover ratio

【Improving Working Capital Efficiency】

- Shortening of the cash conversion cycle and reduction of inventories

【Reducing Non-Core Assets】

- Sale of strategic shareholdings and real estate

【Shareholder Returns】

- Dividend increase driven by profit growth

→ Reduction of Total Assets

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4. Measures to Improve ROE

Implement various initiatives to enhance profitability and optimize capital efficiency

Improving ROE

Improving Profitability

(1) Profit model reform

Top-priority initiative contributing to fundamental ROE improvement

- Strengthen business portfolio management

Optimizing Capital Efficiency

(2) Streamlining of assets

Improve working capital efficiency

New

Reduce non-operational assets
(Strategic shareholdings・**Real estate**)

(3) Shareholder Returns

・Repurchase of stock
・Dividend policy

Optimal Capital Structure

Maintain capital adequacy ratio of around 50%

Status of key initiatives in FY2024

- **The performance for FY2024 exceeded the initial forecast**
  - Japan: Focused on additional orders for current smart meters
  - Overseas: Improved profit through selective orders and transformation
- **ROIC has been trialed as a metric for business portfolio management**
- **Sale of cross-shareholdings (Approx.400 million yen)**
- **Sale of real estate (Approx. 900 million yen)**
  (The cash obtained will also be used for share buybacks)
- Currently conducting share buybacks (2 billion yen by Aug 2025)
- Dividends increase according to the DOE benchmark
- Equity ratio as of the end of March 2025 : 51.9%

(4) Proper use of cash

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4. (1) Profit Model Reform (Japan)

Strengthen profitability by promoting key strategies in the Mid-Term Management Plan (FY2024 to FY2026)

[Key strategies]

Smart meters & solutions in Japan

- Providing added value to social infrastructure centered around smart meters
- Providing comprehensive GX (Green Transformation) services for a decarbonized society
- Supporting on-site operational improvements through digital technology (Customer DX)

Status of key initiatives in FY2024

- Additional orders for the current smart meter have been secured through strengthened sales efforts
- Preparing for the FY2025 rollout of second-gen smart meters by building an automated and labor-saving production system

  Aim to secure stable profits by reducing costs through improved productivity
- Expanding sales by acquiring new customers with meters (DC meters) for non-utility markets

- Plan not achieved due to delayed launch of certain services
- Developing SmaRe:C, a service that optimizes electricity costs using storage batteries

- Plan not achieved due to customer inventory adjustments, delays in new product launches, and slow expansion beyond the rental housing market

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4. (1) Profit Model Reform (Overseas / Group management)

［Key strategies］

Smart meters & solutions overseas

Transforming into profit-oriented business

- Provide high value-added solutions tailored to market characteristics
- Reinforce the commercial and industrial meter business
- Exit from low-profit markets
- Organizational reform

Strengthening the Group's management foundation

Status of key initiatives in FY2024

- **Preparations for Next-generation meter development and production for Oceania are progressing as planned**
- **Shipments to the UK are as planned**
  Profit margins have improved through selective order-taking with a focus on profitability
- **Selective order-taking in the Middle East and Africa due to credit risks led to underperformance against the plan**
- **Driving organizational transformation (4 → 2 regions)**
  Optimizing development by market and products
  Preparing for further transformation from FY2025

【Talent development】

Implemented review of appraisal, compensation, and talent development systems

【Governance】

The succession plan was submitted to the Board by the Nomination and Compensation Committee

- ▶ Talent requirements, development policy, and career path for the president (or executive officer) successor

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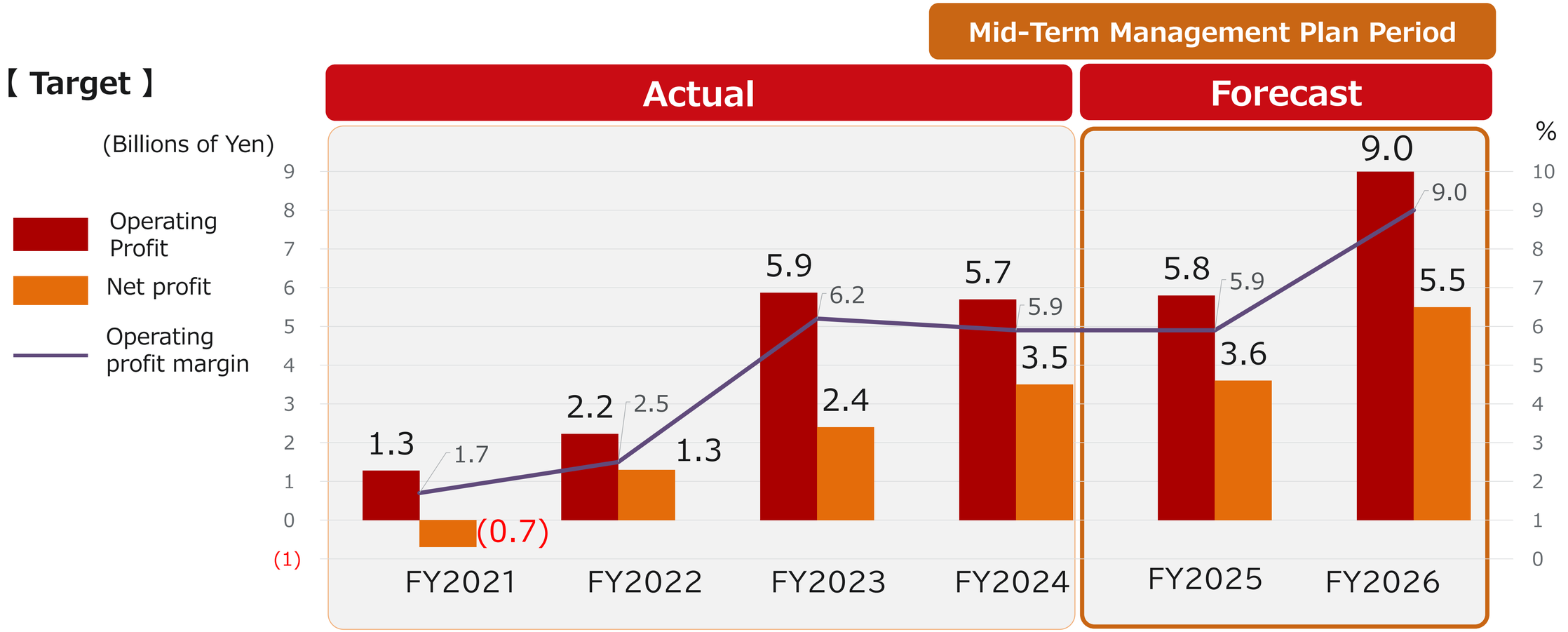
4. (1) Profit Model Reform (Profit Trends)

Japan
- Securing revenue from the second-generation smart meters to be fully introduced from FY2025
- Expanding revenue from solution businesses (GX services, smart locks, etc.)

Overseas
- Enhancing sales of next-generation smart meters and C&I meters, shifting to bundled sales of systems and meters, and improving profitability by exiting low-profit business



・For details of the original Mid-Term Management Plan, please refer to the “OSAKI Formulates Mid-Term Management Plan and Establishes Corporate Purpose” released on May 9, 2024

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4. (2) Streamlining of Assets

(1) Improving working capital efficiency

Appropriate controls and reduction of domestic and overseas inventories, trade receivables, and trade payables

- Improve the cash conversion cycle
- Reduce inventories by approx. 3 billion yen by the end of FY2026 (Compared to the end of FY2023)

(2) Reducing non-operational assets

Reducing Strategic Shareholdings

- Target to reduce by 30% (approx. 2 billion yen) from the current level during the Mid-Term Management Plan period

Sale of Real Estate

- Aim to sell about 70% of real estate fixed assets (book value) during the Mid-Term Management Plan period

The cash obtained will be used for growth investments, shareholder returns, and others to enhance profitability

Status of key initiatives in FY2024

Japan In anticipation of the transition to second-gen smart meters, appropriate inventory levels is maintained

Overseas A project team is formed to focus on reducing inventory assets.

【Cash Conversion Cycle】FY2023 **129 days** ⇒ FY2024 **130 days** 【Challenge】

【Inventory Assets】FY2023 **22.3 billion yen** ⇒ FY2024 **24.9 billion yen** 【Challenge】

→ Increase in inventory assets. Further efforts are required for improvement

【Strategic Shareholdings】

- Sales performance: Reduction amount of 460 million yen, gain on sale of 430 million yen
  (Cash inflow: approx. 400million yen)
- Sales to continue from FY2025 onward

【Real Estate】

- Sales performance: 1 property sold, gain on sales of 940 million yen (Cash inflow: approx. 900million yen)
- Remaining properties to be sold during the Mid-Term Management Plan period

- Cash obtained from the sale of strategic shareholdings and real estate will also be used for shareholder returns, such as share buybacks

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4. (3) Shareholder Returns - 1

Dividends

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

- **FY2024 annual dividend set at 22 yen, a 2 yen increase from FY2023**
- **In May 2025, the dividend policy for FY2025 onwards was revised with a higher DOE benchmark**

【Before revision】

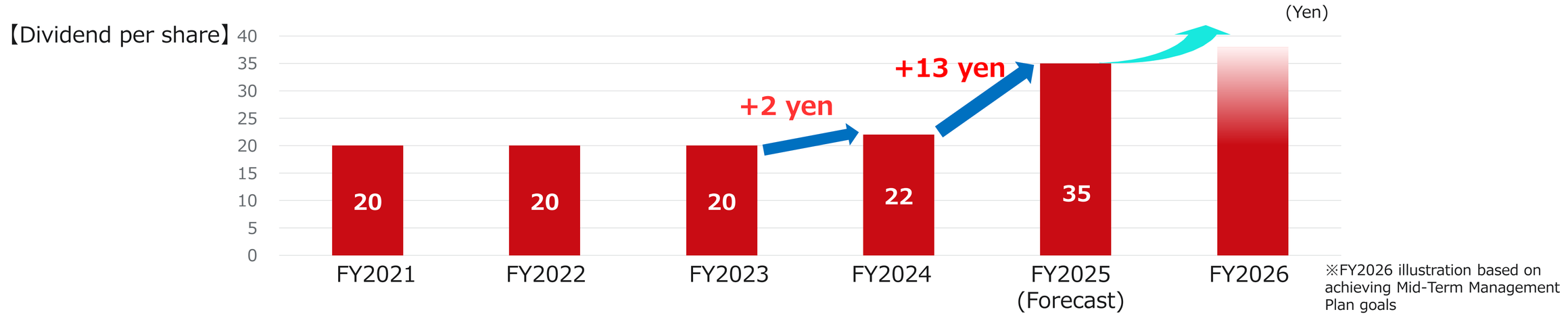
Dividends to be determined based on the higher of **DOE 2%** or payout ratio 30%

【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)**



※FY2026 illustration based on achieving Mid-Term Management Plan goals

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4. (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.

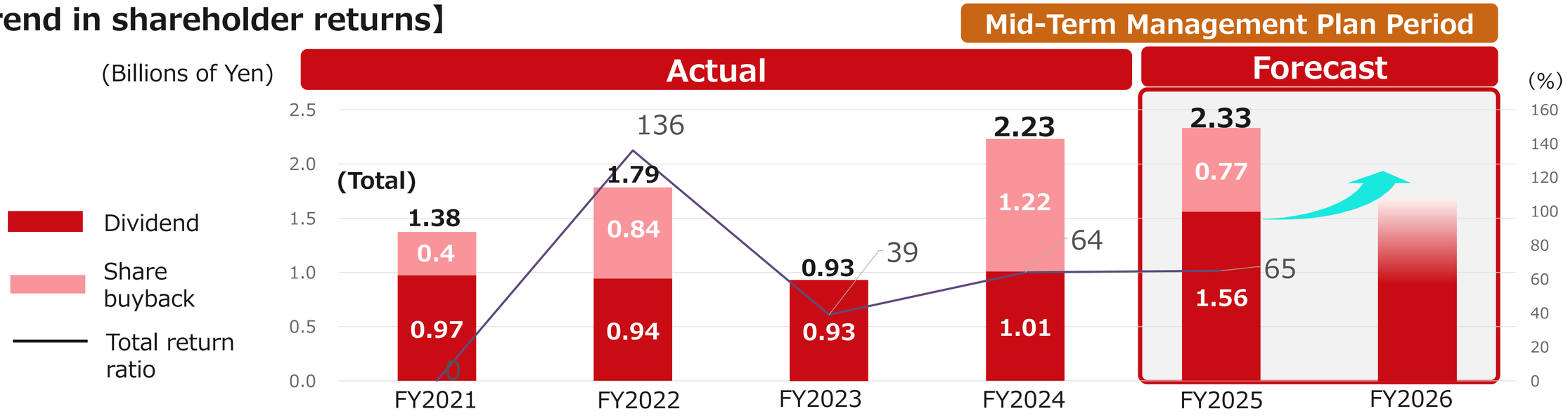
■ Resolved to share buybacks in August 2024

＜Background＞

- Our company's stock price has remained 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 share buybacks (as of March 31, 2025)
  Total number of shares: 1.6 million shares
  Total acquisition cost: 1.22 billion yen

【Trend in shareholder returns】



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4. (4) Proper Use of Cash (cash allocation)

- Strengthening shareholder returns through increased dividends and treasury stock acquisitions

Cash inflows

Net Cash

As of end of the FY2023
6.1 billion yen

Operating cash flow

25.0 billion yen
(+1.0 billion yen)

Sale of strategic shareholdings

2.0 billion yen

Sale of real estate

0.9 billion yen
(+0.9 billion yen)

Cash outflows

Working capital

5.5 billion yen
(▲0.5 billion yen)

Growth investment
Capital investment
(incl. existing business)

～20.0 billion yen
(▲2.0 billion yen)

Shareholder Returns

Dividends (Including dividends to non-controlling shareholders)
6.5 billion yen～(+2.4 billion yen)
Share buyback
2.0 billion yen～(+2.0 billion yen)

Investment in existing business

Japan **Second-gen smart meters, Solutions business**
Overseas **Smart meters combined with systems**

(Initiatives in FY2024)
Japan：Investing in production facilities for second-gen meters
Overseas：Investing in production facilities for next-gen meters

Investment in growth fields

- **Focusing on areas expected to drive future growth and profitability**

(Main initiatives in FY2024)
- Ongoing market research and careful evaluation of potential projects

Shareholder Returns

- **Aiming for continuous dividends increases**
- **Ongoing consideration of treasury share buyback**

(Main initiatives in FY2024)
- Implementation of share buyback
- Increase in dividends based on DOE criteria

- Based on the FY2024 results and the FY2025–FY2026 forecast
- The amounts in parentheses represent the increase/decrease from the figures announced in May 2024

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5. Underlying Policy for Improving PER

- Improving PBR requires enhancing PER by boosting market evaluation of future growth
- Along with executing the new Mid-Term Management plan, we will focus on securing appropriate capital market evaluation

(1) Promote sustainability management

▶ Implementing human capital strategy measures

▶ Strengthening corporate governance

▶ Addressing climate change

(2) Strengthen IR

▶ Enhancing IR/SR activities

▶ Improving the integrate report and company website

Status of key initiatives in FY2024

- **Review of the evaluation, compensation, and development systems (Osaki Electric)**
- **Promotion of diversity**
  - Reemployment rate of retirees: 100% (retirees in FY2024, Osaki Electric)
  - Increase in the ratio of female employees and female executives

- **The succession plan was submitted to the Board by the Nomination and Compensation Committee**
  - ▶ Talent requirements, development policy, and career path for the president (or executive officer) successor

- **Obtained SBT verification (New)**
- **CDP(Climate Change)「B」rating**

- **The number of IR meetings increased** (FY2023: 55 → FY2024: 81)
- **Continuing to conduct SR activities**

- **Revamped the website → Strengthened information dissemination**
- **Commenced a complete revision of the integrated report**

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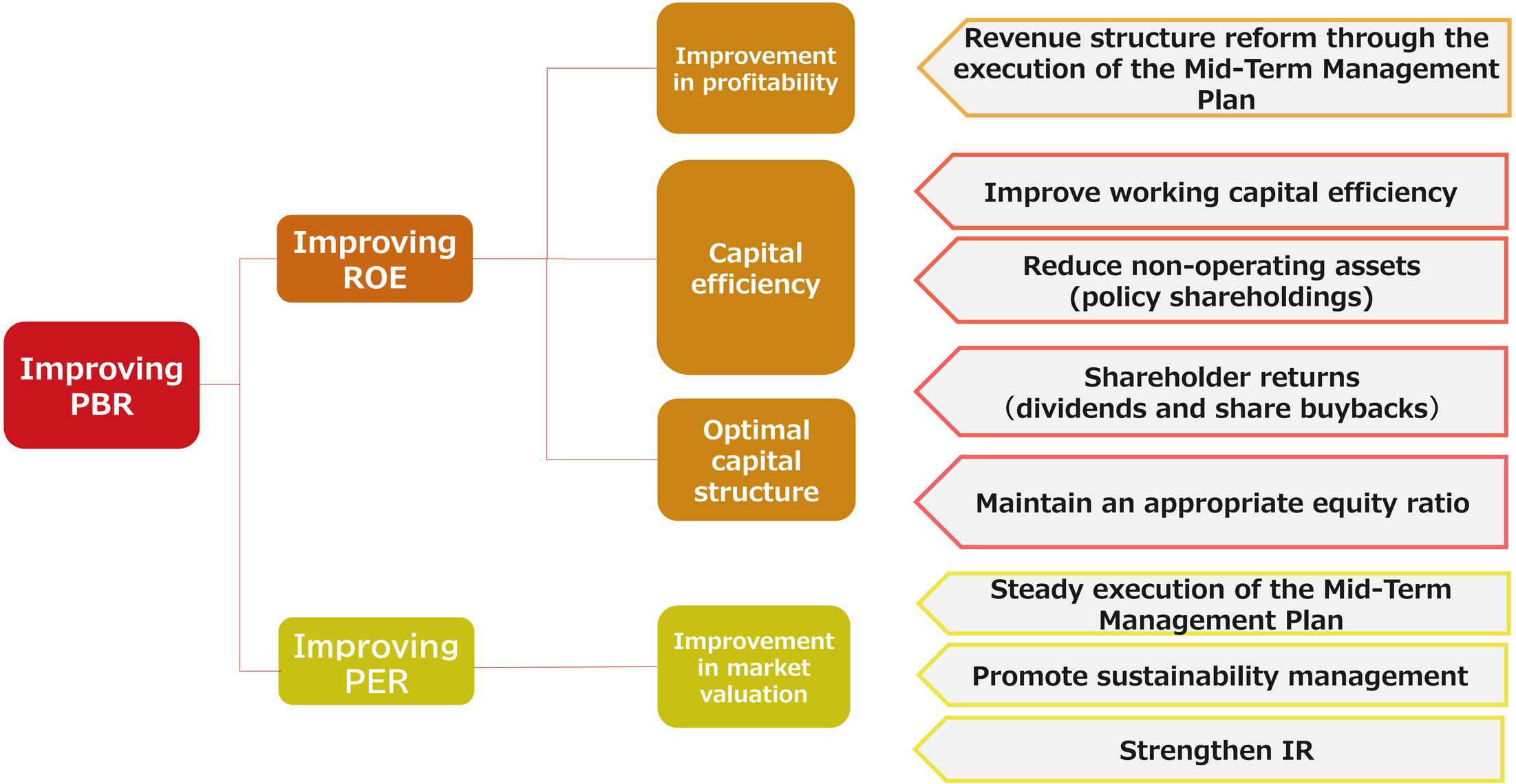
(Reference)

Logic Tree for Improving PBR

Achieve an improvement in **PBR** through the enhancement of **ROE** and **PER**



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TSE Prime Market

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