

**Q&A Summary**  
**- the FY2024 Financial Results Presentation -**

1. Date and Time: May 26, 2025 (Monday), 10:00–11:00 JST

Held via telephone conference

2. Answered by: Mitsuyasu Watanabe

President, Representative Director, and Chief Operating Officer (COO)  
Ryuichi Ueno

Senior Managing Executive Officer, Head of Group Strategy Division

Q1. What is the status of the bidding process and market share outlook for second-generation smart meters in Japan?

A. The bidding process for second-generation smart meters is progressing smoothly. However, we refrain from disclosing further details as it may affect future sales strategies.

Q2. The specifications of second-generation smart meters will be standardized nationwide in Japan. As a result, there are concerns that your market share may decline in regions where you have held a strong position with current-generation smart meters. Is it correct to understand that your market share will remain unchanged?

A. We are working to ensure that customers recognize our strengths and aim to capture a higher market share than with current models.

Q3. The forecast indicates a significant improvement in profit margins for the overseas measurement and control business in FY2025 and FY2026. What are the factors behind this and how certain is this outlook?

A. In the “Smart meters & solutions overseas” business, we are pursuing a mid-term strategy that prioritizes profitability.

These next-generation smart meters are high-performance, high value-added products that reflect customer needs. Additionally, by fundamentally redesigning their structure to reduce the number of components, we expect improved productivity and higher profitability than with previous models.

In the UK, we anticipate continued demand for existing smart meters through FY2025 and FY2026. We plan to improve profitability through selective order-taking and cost reduction efforts.

Moreover, we have been implementing organizational reforms across our overseas subsidiaries since last fiscal year and expect to achieve annual cost savings of approximately 500 million yen. By advancing these initiatives in an integrated manner, we aim to further improve profit margins.

Q4. What percentage of Oceania sales in FY2026 (ending March 2027) will be accounted for by next-generation smart meters?

A. We plan to gradually transition to the next-generation models, aiming for them to account for approximately 50% of total shipments in FY2026.

Q5. The recent change in dividend policy appears to aim at enhancing shareholder returns. However, was this decision also influenced by concerns about the PBR falling below 1x? Were other factors—such as improved cash flow, a more positive outlook for the profitability of next-generation smart meters, or a stronger prospect of achieving the Mid-term Management Plan—also considered?

What was the rationale for changing the policy at this time?

A. Our basic dividend policy emphasizes stable returns to shareholders. The revised dividend level reflects our desire to maintain stable dividends while securing sufficient resources for continued investments in next-generation smart meters (both domestic and overseas) and the domestic solutions business.