

FY2025 Q3 Financial Results Presentation

February 20, 2026

OSAKI ELECTRIC CO., LTD.

TSE Prime Market

Code: 6644

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FY2025 Q3 Financial Summary

The following descriptions are used throughout this report.

FY2025 Financial Forecast announced on May 12	=	Initial forecast figures
First Half	=	H1 (Q2)
Third Quarter	=	Q3
Full-Year	=	FY

1. FY2025 Q3 Financial Highlights

YoY

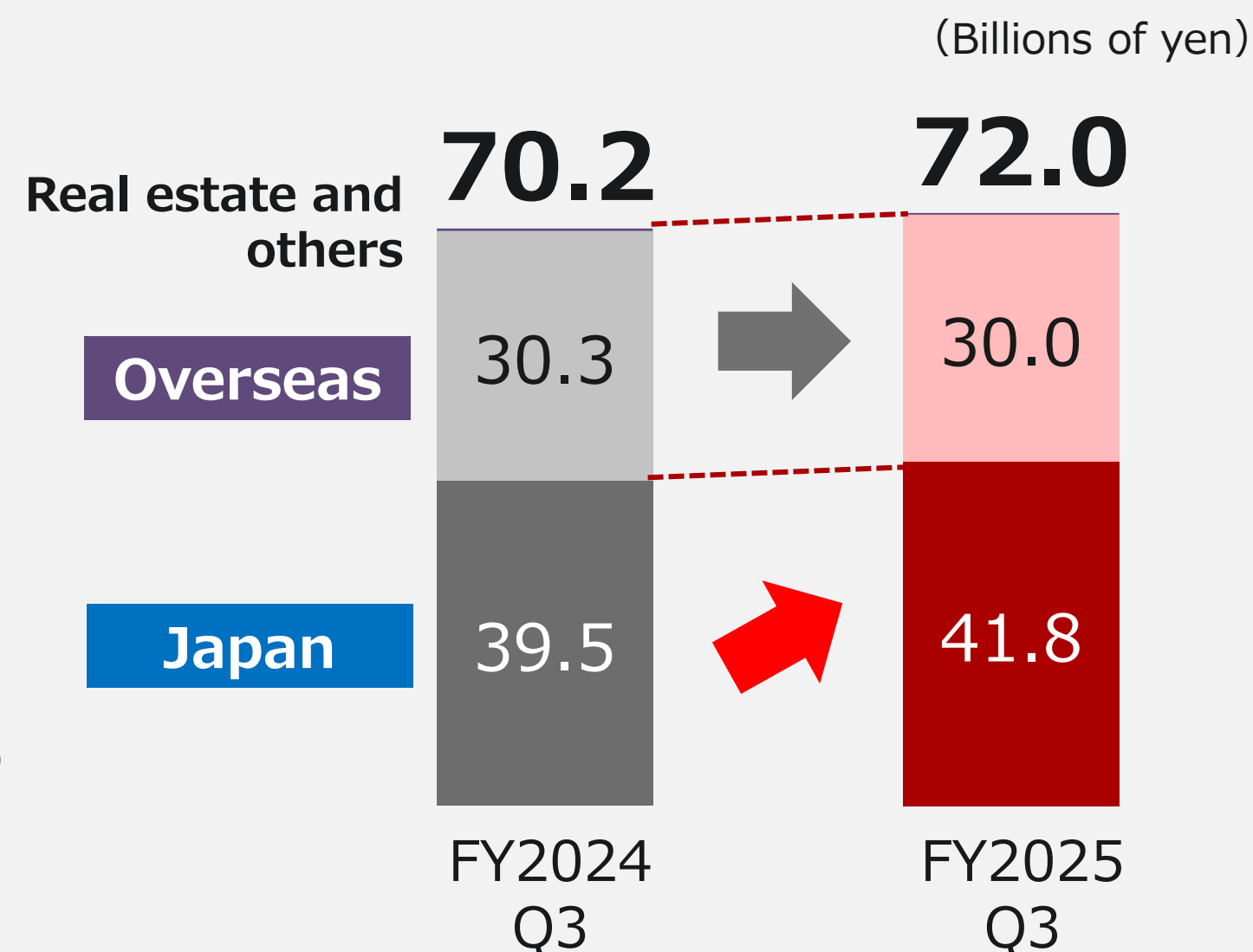
OSAKI

Sales (Q3)

Increased

72.0
billion yen

(YoY) **+2.6%**



Japan Revenue increased due to steadily capturing demand for current smart meters and shipments of the second-generation smart meters progressing as planned

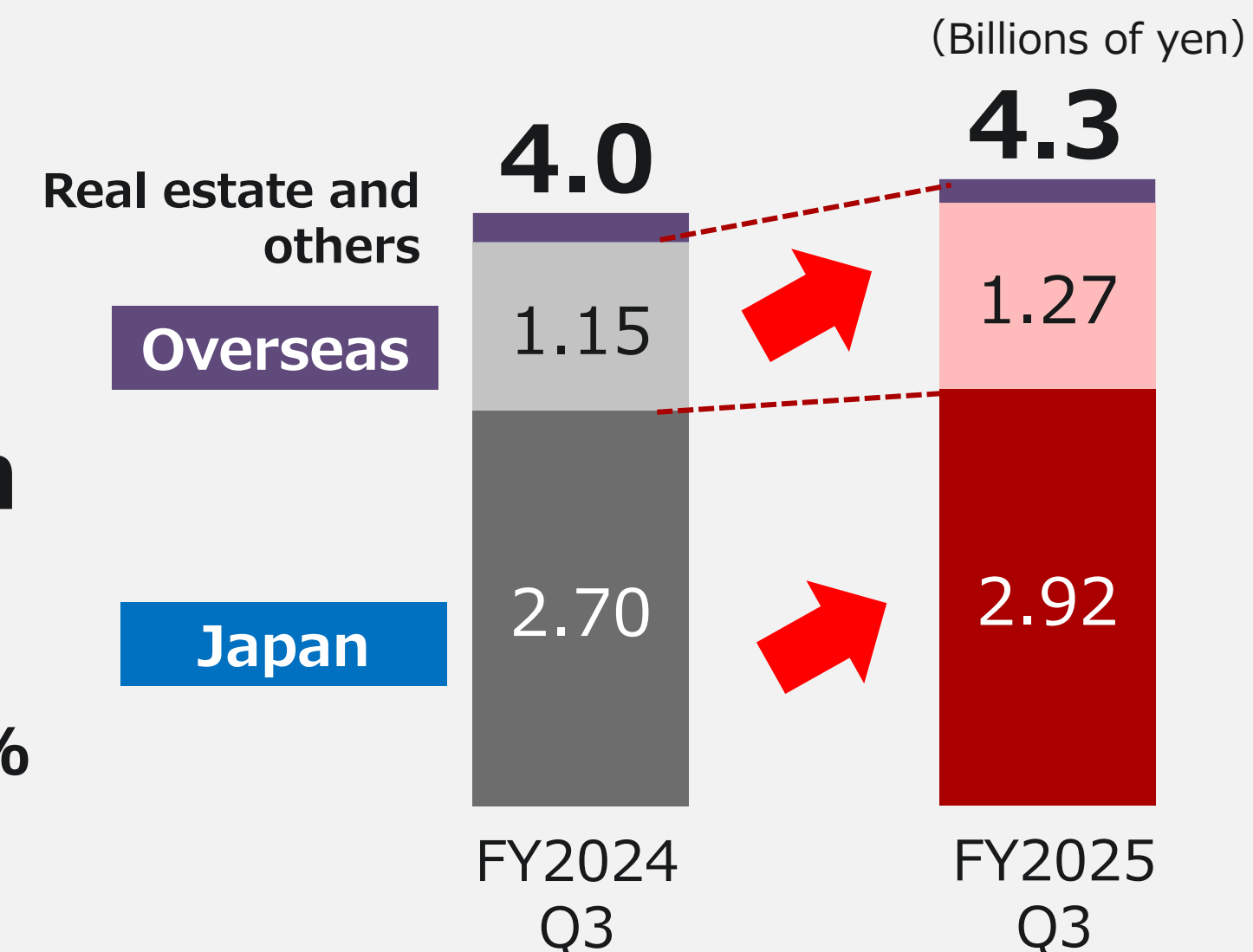
Overseas Despite increased revenue mainly in the UK, revenue decreased as a whole due to reduced sales resulting from continued inventory adjustments in Oceania

Profit (Q3)

Increased

4.3
billion yen

(YoY) **+7.6%**



Japan Profit increased mainly due to increased revenue in the smart meter business and improved profit margins in the switchgear business

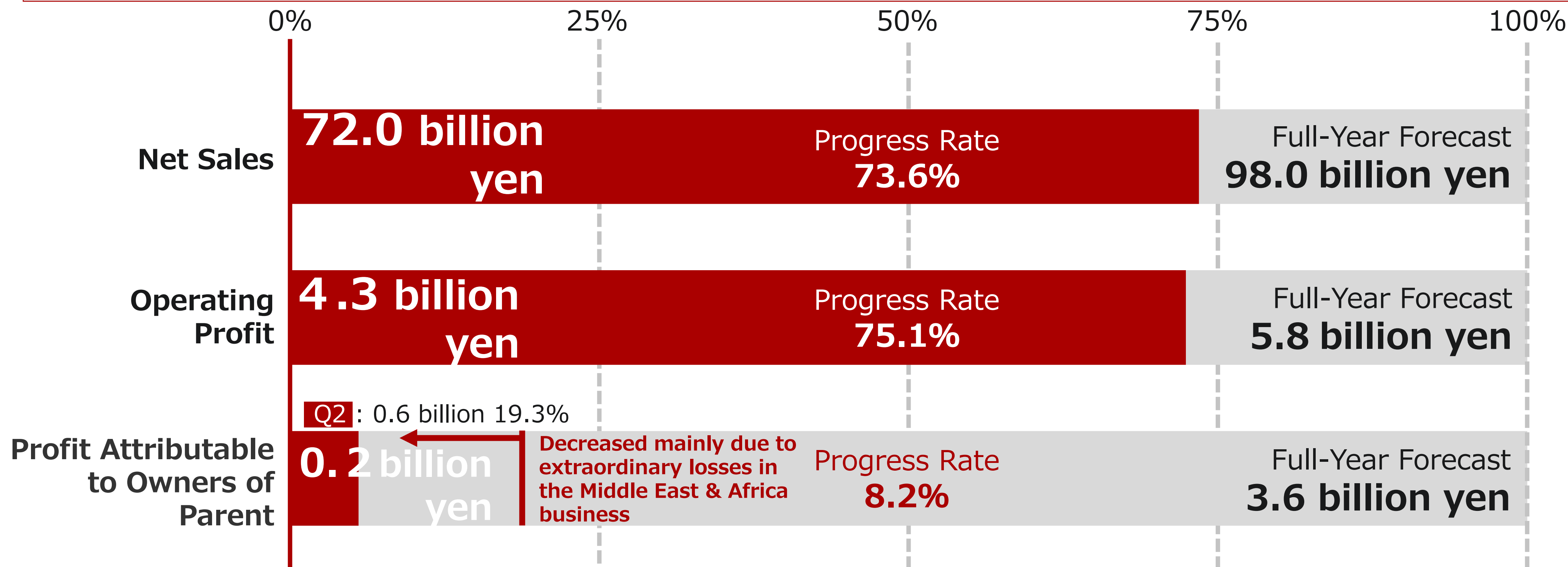
Overseas Profit increased due to higher revenue in the UK and other countries, improved profit margins, as well as to a reduction in SG&A expenses resulting through organization-wide structural transformation

2. FY2025 Q3 Progress

- **Sales and operating profit progressed in line with initial forecasts (The initial forecast assumed Q4 as the peak in performance)**
 - Domestically, full-scale introduction of second-generation smart meters to start in Q4
 - Continuing projects in the UK and reducing SG&A expenses through the steadily implementation of organization-wide structural transformation overseas
- **Profit attributable to owners of parent increased due to the recording of extraordinary income from the sale of real estate (timely disclosure on February 19), while recording extraordinary losses associated with the withdrawal from the Middle East & Africa business.**

The overview of the withdrawal from "Middle East and Africa" is on P.11

The overview of the real estate sales is on P. 20



The revision of profit attributable to owners of parent in the full-year Financial forecast is on P.14

3. FY2025 Q3 Consolidated Financial Results

YoY

Increased Sales and Profit



【Sales】 **Japan** Revenue increased due to steadily capturing the final demand for current smart meters and the launch of the second-generation smart meters progressing as planned

Overseas Revenue increased mainly due to higher shipments associated with the UK government-led “Smart Meter Project” and one-off additional one-off orders from existing and specific customers in the Middle East & Africa. However, overall sales declined, mainly due to reduced sales in Oceania caused by customer inventory adjustments

【Profit】 **Japan** Profit increased due mainly to higher revenue in the smart meter business and improved profit margins in the switchgear business, despite negative factors such as increased depreciation expenses arising from the start of second-generation smart meter production and increased SG&A expenses mainly due to personnel expenses

Overseas Profit increased due to higher sales in UK, temporary sales contribution in the Middle East & Africa, improved profit margins, and reduced SG&A expenses through organization-wide structural transformation, offsetting reduced profit in Oceania (*The withdrawal from the Middle East & Africa business outlined on P.10)

(Millions of Yen)

	FY2024 Q3 Actual		FY2025 Q3 Actual		YoY Change	
Net sales	70,238		72,086		1,848	+ 2.6%
Smart meters & solutions in Japan	39,593		41,838		2,245	+5.7%
Smart meters & solutions overseas	31,198		30,619		△578	△1.9%
Real estate	420		334		△85	△20.4%
Adjustment	△974		△ 706		267	—
Operating profit (Rate)	4,051	(5.8%)	4,358	(6.0%)	306	+ 7.6%
Smart meters & solutions in Japan	2,700		2,926		225	+ 8.4%
Smart meters & solutions overseas	1,153		1,275		122	+ 10.6%
Real estate	208		161		△46	△22.2%
Adjustment	△10		△ 5		4	—
Ordinary profit (Rate)	4,031	(5.7%)	4,407	(6.1%)	376	+ 9.3%
Extraordinary gains and loss	△18		△ 1,926		△1,907	—
Profit attributable to owners of parent (Rate)	2,327	(3.3%)	294	(0.4%)	△2,033	△87.4%

Smart meters & solutions in Japan

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

<p>Smart meter Business</p>	<p>Increased Sales ▲</p> <ul style="list-style-type: none"> Revenue increased due to steadily capturing demand for current smart meters and shipments of the second-generation smart meters progressing as planned VCTs (voltage and current transformers for high-voltage meters) saw solid new and replacement demand. We reinforced our production capacity to capture the increasing demand
<p>Solution Business</p>	<p>Decreased Sales ▼</p> <ul style="list-style-type: none"> Non-utility meters* remained on par with the same period last year despite sluggish sales in H1 due to market conditions GX services experienced a year-on-year increase in revenue through new customer acquisitions and expanded sales of energy management services to existing customers Smart lock revenue declined year on year due to a delay in the launch of new products A year-on-year reactionary decline in sales at our subsidiary (ENEGATE) also negatively affected the business
<p>Switchgear Business</p>	<p>Decreased Sales ▼</p> <ul style="list-style-type: none"> Despite steady demand for products/services for electric utilities and the industrial sector, revenue decreased year on year due primarily to the phasing of revenue recognition of projects for electric utilities

	FY2024 Q3 Actual	FY2025 Q3 Actual	YoY Change		FY2025 Forecast	(Millions of Yen)
Smart meters & solutions in Japan	39,575	41,819	2,243	+5.7%	57,700	72.5%
Smart meter Business	26,055	28,780	2,725	+10.5%	37,200	
Solution Business	8,052	7,859	△192	△2.4%	12,500	
Switchgear Business	5,468	5,179	△288	△5.3%	8,000	

5. Overseas Net Sales by Region [Q3]

YoY



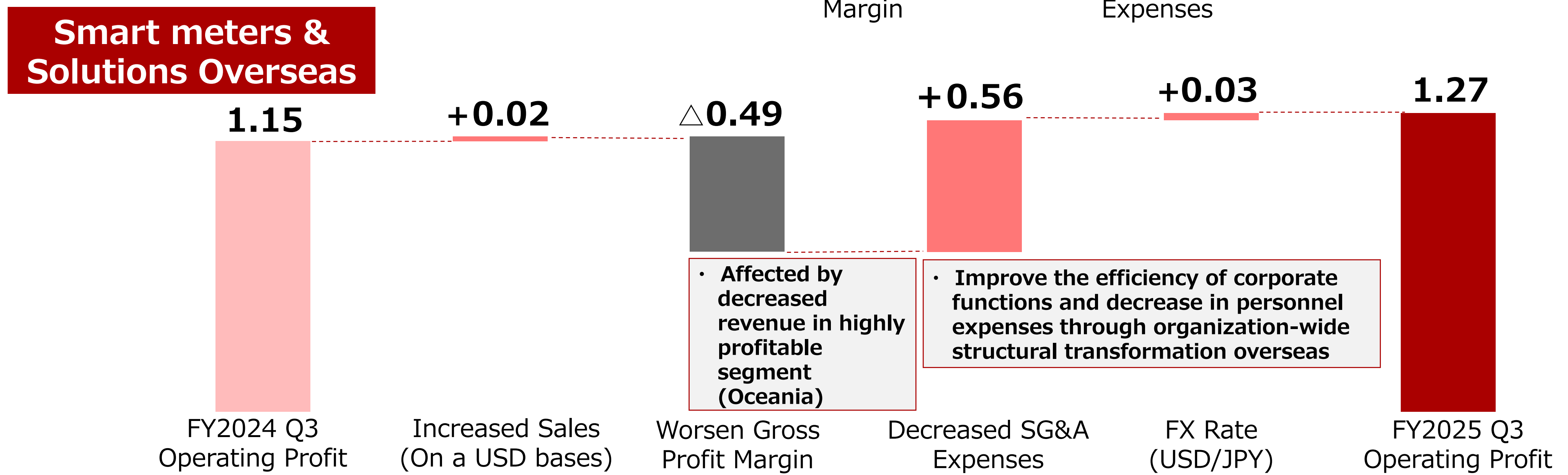
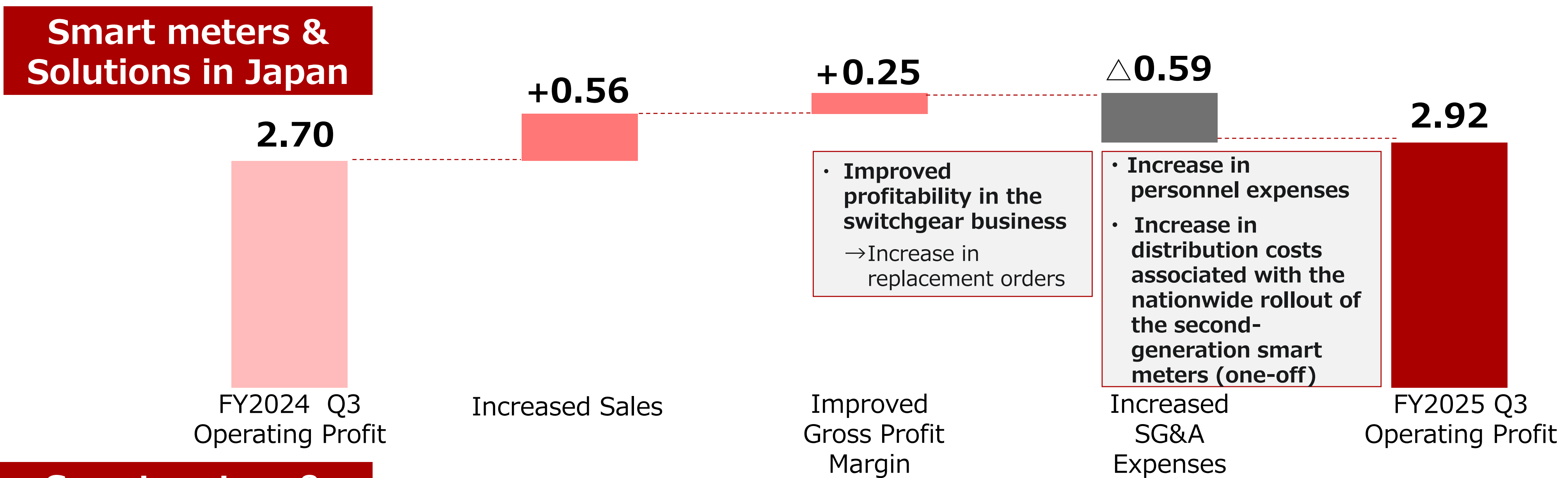
Smart meters & solutions overseas

Oceania	<p>Decreased Sales ▼</p> <ul style="list-style-type: none"> Revenue decreased year on year due to a decline in shipments caused by continued inventory adjustments by customers in Australia
Europe	<p>Increased Sales ▲</p> <ul style="list-style-type: none"> Revenue increased year on year due to higher shipments associated with the UK government-led "Smart Meter Project"
Asia	<p>Decreased Sales ▼</p> <ul style="list-style-type: none"> Revenue maintained a level comparable to the previous fiscal year despite a reactionary decline caused by the absence of specific one-off orders received in the same period last year
The Middle East & Africa	<p>Increased Sales ▲</p> <ul style="list-style-type: none"> Revenue increased year on year through one-off additional orders sales to existing and specific customers with low credit risk

	FY2024 Q3 Actual	FY2025 Q3 Actual	YoY Change		FY2025 Forecast	(Millions of Yen)
Smart meters & solutions overseas	30,320	30,011	△309	△1.0%	40,000	(Progress Rate) 75.0%
Oceania	16,600	11,694	△4,906	△29.6%	16,000	
Europe	9,330	11,786	2,456	+26.3%	14,500	
Asia	3,555	3,468	△87	△2.5%	4,500	
The Middle East & Africa	834	3,062	2,228	+267.0%	5,000	
Average FX Rate (JPY/USD)	151.46	148.08				

6. Operating Profit Variance Analysis

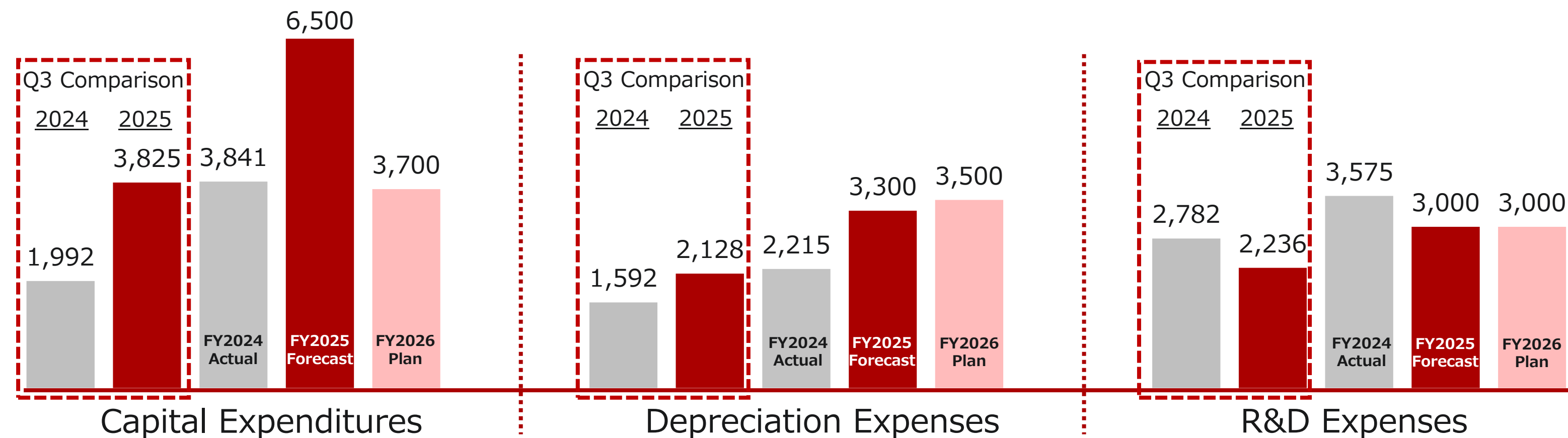
(Billions of yen)



7. Capital Expenditures, Depreciation and R&D

(Millions of yen)

■ FY2024 Actual ■ FY2025 Forecast ■ FY2026 Plan



(Millions of Yen)

	FY2024 Q3 Actual	FY2025 Q3 Actual	YoY Change		FY2024 Actual	FY2025 Forecast	FY2026 Plan
Capital Expenditures	1,992	3,825	1,832	+92.0%	3,841	6,500	3,700
Depreciation Expenses	1,592	2,128	536	+33.7%	2,215	3,300	3,500
R&D Expenses	2,782	2,236	△545	△19.6%	3,575	3,000	3,000

<FY2025 Forecast>

【Capital Expenditures】

- Capital expenditures for second-generation smart meters peak in FY2025 and will continue in FY2026

【Depreciation Expenses】

- Further increase in depreciation expenses (especially for molds), ahead of a full-scale increase in production of second-generation smart meters. As the depreciation period of molds is one year, the depreciation expense will peak in FY2026

【R&D Expenses】

- R&D expenses decreased due to improved efficiency of R&D activities through organization-wide structural transformation. Domestic sales expected to remain unchanged from the previous fiscal year, but consolidated sales for the full year decreased from the previous fiscal year

8. Recognition of Extraordinary Losses Associated with the withdrawal from the Middle East & Africa Business

Initiatives for Organization-Wide Structural Transformation Overseas

(From FY2024 onward)

- Review of regional management system (from four regions to two regions)



- Former Regional Structure (4 Regional Structure)
- After reviewing (2-region system)

- Withdrawal from low-profit markets, mainly in Asia
- Optimization of development and manufacturing functions, and supply chain
- Workforce optimization through measures such as streamlining head office functions (personnel reduction by 16% as of the end of December 2025 compared to December 2023)

Withdrawal from the Middle East & Africa Business

- Following a review of the business portfolio of our Smart meters & solutions overseas, we have decided to withdraw from **the Middle East & Africa region**—one of our regional segments—effective at the end of **FY2025** (Decision at the Board of Directors meeting on January 27, 2026)

- While the Middle East & Africa business has a certain market size, it has consistently involved risks such as order volatility due to geopolitical factors and trade receivables collection risk
- In order to improve and stabilize profitability, we have carefully examined implements (selective orders), streamlined fixed costs, and reviewed our sales structure (closing our own sites and transferring commercial rights to local distributors)
- In FY2024 Q3, we placed them under the European business and assessed the potential for business continuity
- In addition to having posted operating losses for three consecutive years, prospects for a return to profitability have become increasingly challenging. Accordingly, based on our business portfolio assessment criteria, we decided to withdraw from the region

- **Recorded a loss on withdrawal from business (impairment loss) of 2,040 million yen as extraordinary losses in Q3**

- A loss on valuation of inventories, including products and work in process for the regions that could no longer be repurposed or sold
- A loss on retirement of non-current assets used to manufacture products for these regions

Item	Amount (Millions of yen) *
Loss on valuation of inventories	1,962
Impairment losses	46
Provision of allowance for doubtful accounts	31
Total	2,040

*Converted into yen at the average exchange rate for Q3 FY2025

- **Regional segments of the Smart meters & solutions overseas from April 2026 will be Oceania, Europe, and Asia**

9. Consolidated Balance Sheet

Balance Sheet

(Millions of Yen)

	End of FY2024	End of FY2025 Q3	Change	Key factors behind the increase/ decrease
Total assets	100,513	92,700	△7,813	Cash △3,236 Accounts receivable △931 Inventories △3,926
Current assets	59,547	50,792	△8,754	
Non-current assets	40,966	41,907	940	
Total liabilities	37,170	30,728	△6,441	Trade payable △1,841 Loans △2,842
Current liabilities	29,240	23,610	△5,629	
Non-current liabilities	7,930	7,118	△812	
Total net assets	63,343	61,971	△1,371	Retained earnings △1,931
Equity	52,151	50,337	△1,814	
Non-controlling interests	10,724	11,167	442	
Other	466	466	—	
Capital adequacy ratio	51.9%	54.3%	2.4pt.	

【Assets】

- Cash decreased due to loan repayments (repayment of foreign currency borrowings for group finance)
- Inventories decreased as our overseas inventory reduction project efforts paid off

【Liabilities】

- Loans decreased due to repayment of foreign currency borrowing for group finance

【Net assets】

- Retained earnings decreased due to dividend payments

- Capital adequacy ratio 54.3%

Maintained a target equity ratio of approx. 50%
“Fostering Management Conscious of Capital Cost and Stock Price”

2

FY2025 Financial Forecast

1. FY2025 Financial Forecast

Against the
initial forecast



● Partially reviewed the Japan and overseas composition of operating profit. Profit attributable to owners of parent increased due to progress in capital policy initiatives

[Sales] **Japan** Despite an increase in revenue thanks to the start of the shipment of second-generation smart meters, revenue is expected to decrease due to a delay in the launch of new smart lock products, resulting in sales on par with the initial forecast

Overseas While the UK government-led “Smart Meter Project” will increase shipments, the continued inventory adjustments in Oceania will decrease revenue on a U.S. dollar basis. The outlook remains in line with the initial forecast under the revision of the assumed exchange rate to a weaker yen (from USD1 = JPY140.0 to JPY149.0 (projected exchange rate for the full fiscal year)

[Profit] **Japan** Profit is expected to increase due to increased revenue in the smart meter business and improved profitability in the switchgear business

Overseas While selling and administrative expenses will be reduced through organization-wide structural transformation, profit is expected to decline due to revenue decrease caused by the continued inventory adjustments in Oceania

[Profit attributable to owners of parent] Profit increased due to recording of extraordinary income from real estate sales, despite recording of extraordinary losses associated with the withdrawal from Middle East & Africa business

The overview of the real estate sales is on P. 20

	FY2024 Actual	FY2025 Initial Forecast	FY2025 Forecast	Against the Initial Forecast (The breakdown of operating profit has been partially revised)	
Net sales	97,102	98,000	98,000	—	—
Smart meters & solutions in Japan	56,061	57,700	57,700	—	—
Smart meters & solutions overseas	40,584	40,000	40,000	—	—
Real estate	456	300	300	—	—
Operating profit	5,701	5,800	5,800	—	—
Smart meters & solutions in Japan	3,965	3,500	4,000	500	+14.3%
Smart meters & solutions overseas	1,477	2,200	1,700	△500	△22.7%
Real estate	270	100	100	—	—
Adjustment	△12	—	—	—	—
Ordinary profit	5,386	5,700	5,700	—	—
Profit attributable to owners of parent	3,504	3,600	3,600	—	—

See the next
page for
details

1. FY2025 Full-Year Forecast by Segment

Against the
initial forecast



Net Sales

(Millions of Yen)

	FY2024 Actual	FY2025 Initial Forecast	FY2025 Forecast	Against the Initial Forecast (No revisions from the figures announced at the Q2 financial results)	
Smart meters & solutions in Japan	56,061	57,700	57,700	—	—
Smart meter Business	34,892	36,700	37,200	500	+1.4%
Solution Business	12,934	13,000	12,500	△500	△3.8%
Switchgear Business	8,234	8,000	8,000	—	—
Smart meters & solutions overseas	40,584	40,000	40,000	—	—
Oceania	21,147	19,500	16,000	△3,500	△17.9%
Europe	13,451	13,000	14,500	1,500	+11.5%
Asia	4,693	4,000	4,500	500	+12.5%
The Middle East & Africa	1,292	3,500	5,000	1,500	+42.9%
FX Rate (JPY/USD)	151.69	140.00	149.00		

3 FY2026 Targets (No Revision)

1. FY2026 Targets (No Revision)

		FY2024	FY2025	FY2026
		Actual	Revised Plan (November 4)	Plan
Net Sales	Smart meters & solutions in Japan	56.1	57.7	63.7
	Smart meter business	34.9	37.2	40.7
	Solution business	12.9	12.5	14.5
	Swichgear business	8.2	8.0	8.5
	Smart meters & solutions overseas	40.6	40.0	36.0
	Oceania	21.1	16.0	20.5
	Europe	13.5	14.5	12.5
	Asia	4.7	4.5	2.0
	The Middle East & Africa	1.3	5.0	1.0*
	Real estate	0.5	0.3	0.3
	Total	97.1	98.0	100.0
Operating Profit	Smart meters & solutions in Japan	4.0	4.0	5.6
	Smart meters & solutions Overseas	1.5	1.7	3.3
	Real estate	0.3	0.1	0.1
	Total	5.7	5.8	9.0
ROE		6.9%	9.8%	10.0%

(Billions of yen)

*Revisions to the FY2026 plan due to the discontinuation of the "Middle East & Africa" segment will be disclosed in the FY2026 financial forecast (in May 2026)

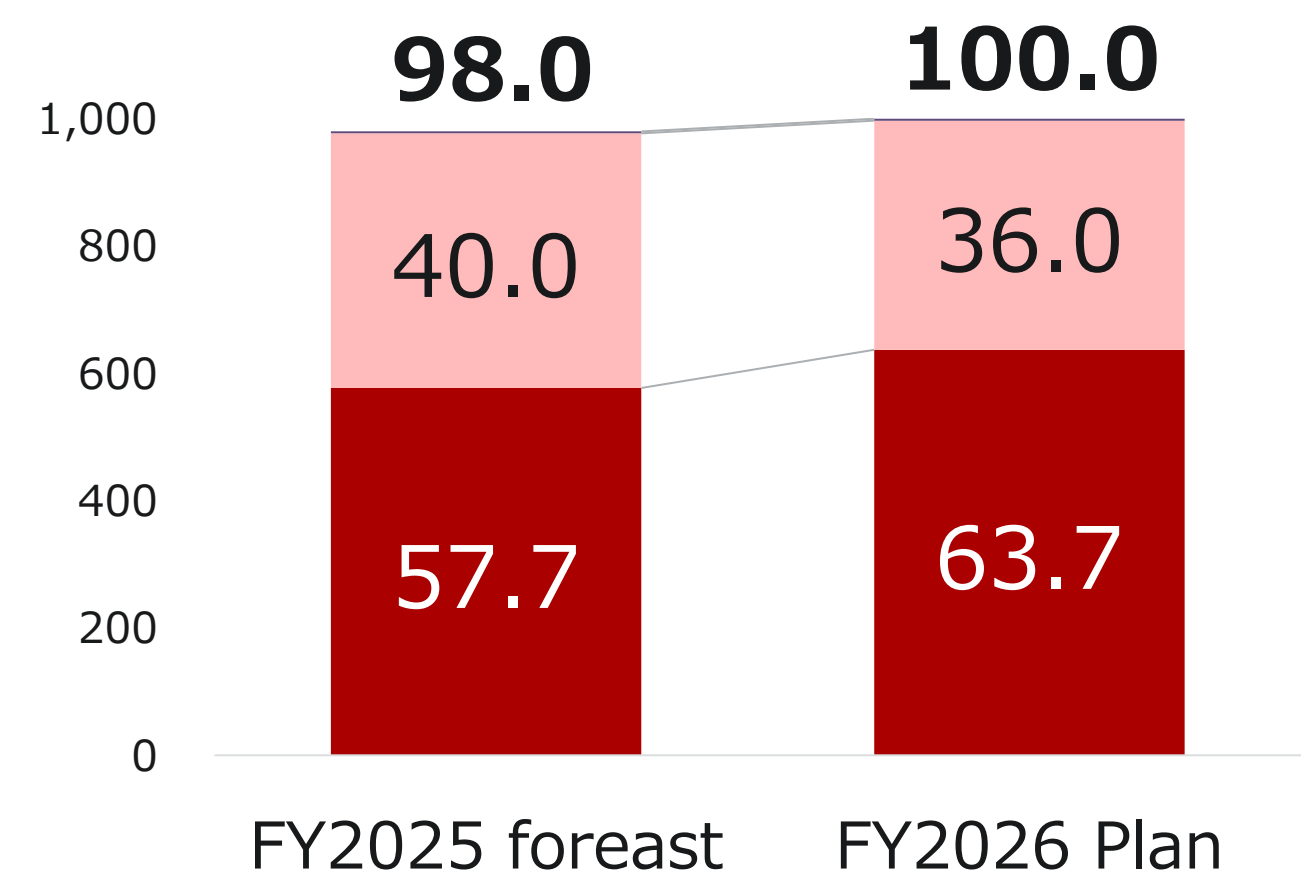
- At the time of formulation of the medium-term management plan 130 yen /USD
- FY2025 initial forecast 140 yen /USD
- FY2025 Average FX Rate 149 yen /USD

2. FY2026 Full-Year Forecast by Segment

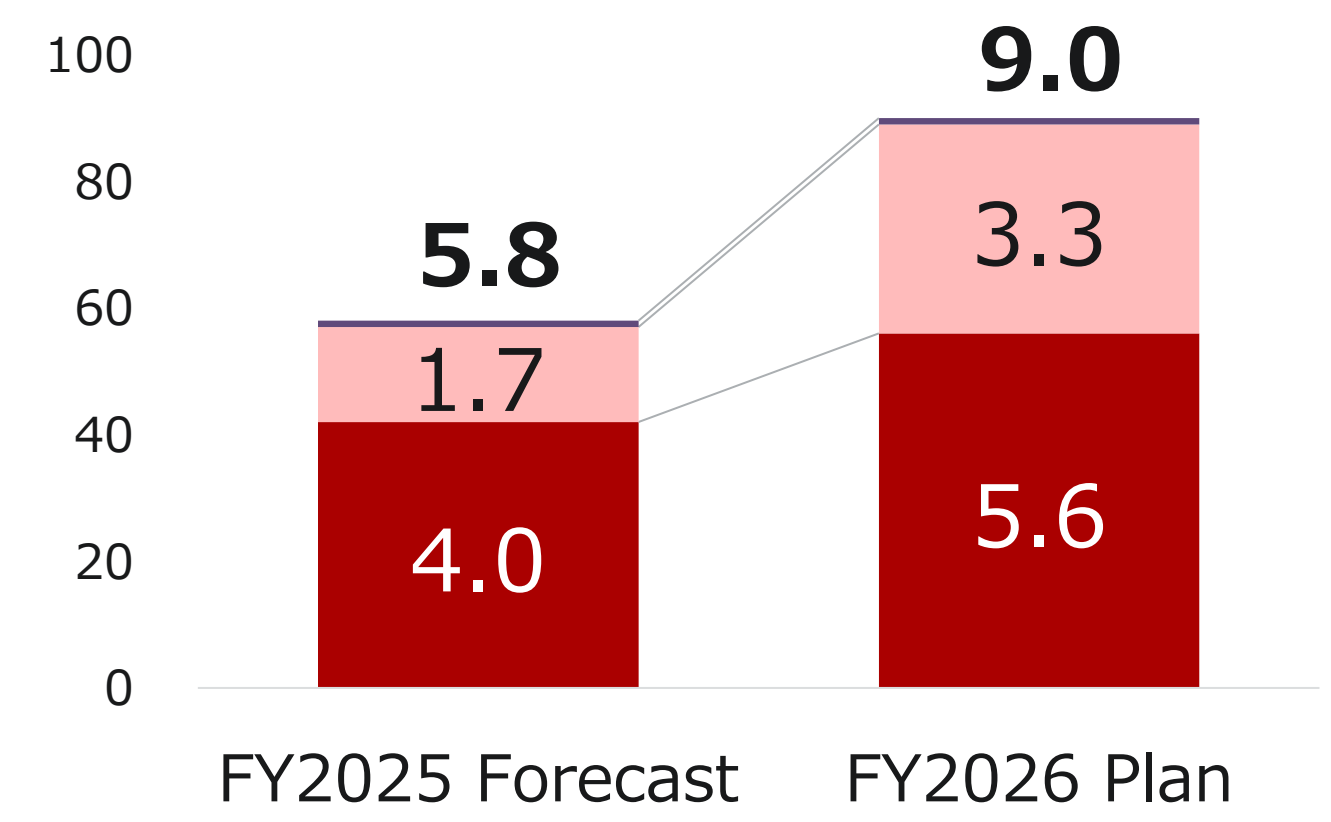
Net Sales

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

(Billions of Yen)



Operating Profit



Region	Change	Business	Notes
Japan	+3.5	Smart meter Business	Sales are expected to increase, driven by full-year sales of second-generation smart meters
	+2.0	Solution Business	Sales are expected to grow, driven by the steady expansion of non-utility meters, expanded sales of new smart lock products, and expanded GX service sales
	+0.5	Switchgear Business	Maintain high capacity utilization. Continue selective orders with an emphasis on margin
Overseas	+4.5	Oceania	Sales are expected to grow, driven by the full-scale launch of the next-generation smart meter NEOS
	▲2.0	Europe	The UK government-led "Smart Meter Project" peaks out
	▲2.5	Asia	Sales scale is expected to contract as we are strategically reducing low-margin businesses, including standalone meter sales
	▲4.0	The Middle East & Africa	Withdrawal from the business by the end of FY2025
	▲4.0		

Region	Change	Business	Notes
Japan	+1.6	Smart meter Business	Profit is expected to increase, driven by full-year sales of highly profitable second-generation smart meters
		Solution Business	Profit is expected to increase thanks to sales expansion
		Switchgear Business	Maintained Fiscal Year 2025 level due to high operation
Overseas		Oceania	Profitability is expected to improve through the full-scale launch of the next-generation smart meter NEOS
		Europe	Selective orders focused on profitability and controlling development and SG&A expenses
		Asia	Profitability is secured through sales of integrated solutions combining meters and systems, and next-generation industrial meters
		The Middle East & Africa	The impact from business exit is limited due to its low profit margin than before

***Breakdown of operating profit not disclosed**

4

Status of Initiatives

(Reduction of Non-Operational Assets) for Capital Policy

1. Status of Initiatives for Capital Policy (Reduction of Non-Operational Assets)

Sale of Real Estate

Policy

Aim to **sell about 70%** of fixed assets (book value) owned by the real estate business as of May 2024

Sale Results

- Number of Properties Sold: 2 properties
- Gain on Sale: Approx. 7 billion yen (FY2025 year-end forecast)

Completion of sale during the period of the Medium-Term Management Plan

Reducing Strategic Shareholdings

Policy

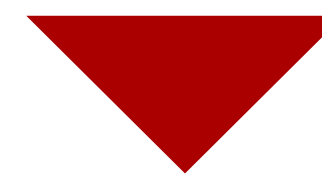
Aim to **reduce about 30% (approx. 2 billion yen)** of strategic shareholdings held as of March 2024

Sale Results

 (cumulative from FY2024)

- Reduced Amount: 1,020 million yen
- Gain on Sale: 920 million yen (as of Q3 FY2025)

Currently proceeding with our activity to reduce the remaining strategic shareholdings to be sold during the period covered by the Mid-Term Management Plan



Consider using cash obtained for investments, shareholder returns, and other uses to make investments for growth and enhance profitability

5 Cash Allocation and Shareholder Returns

1. Review of Cash Allocation (FY2024 – FY2026)

The amounts in parentheses represent the increase/decrease from the figures announced in May 2024

● Cash inflows from real estate sales in FY2025 will be allocated to growth investments and shareholder returns (special dividends and share buybacks)

Cash Inflows

Net Cash

End of March FY2023

6.1 B JPY

Operating Cash Flow

23.0 B JPY
(▲2.0 B JPY)

Sale of Strategic Shareholdings

2.1 B JPY
(+0.1 B JPY)

Sale of Real Estate (FY2024)

0.9 B JPY

+

Sale of Real Estate (FY2025)

Approx. 6.8 B JPY
(+6.8 B JPY)

50% each allocated to Investment and Shareholder Returns

Approx. 3.4 B JPY
(Net increase: approx. 1.5 B JPY)*

Approx. 3.4 B JPY

*Approx. 3.4 billion yen allocated to investment is offset by a 2.0 billion yen decrease in operating CF, resulting in a net increase of approx. 1.5 billion yen.

Cash Outflows

Working Capital

5.5 B JPY

Investment in Existing and Growth Fields

21.5 B JPY
(+1.5 B JPY)

Shareholder Returns

Dividends
(Including dividends to non-controlling shareholders)

7.4 B JPY
(+0.9 B JPY)

Share Buyback

4.5 B JPY
(+2.5 B JPY)

2. Shareholder Returns

Dividend Forecasts (FY2025-FY2026)

	FY2025 (Yen)		
	End of Second Quarter	Fiscal Year-End	Annual
Ordinary Dividend	17	18	35
Special Dividend	-	10	10
Total	17	28	45

Payout ratio is expected to be applied if the FY2026 plan (medium-term management plan) is achieved

In addition, we plan to pay a special dividend (10 yen) for the interim dividend for FY2026

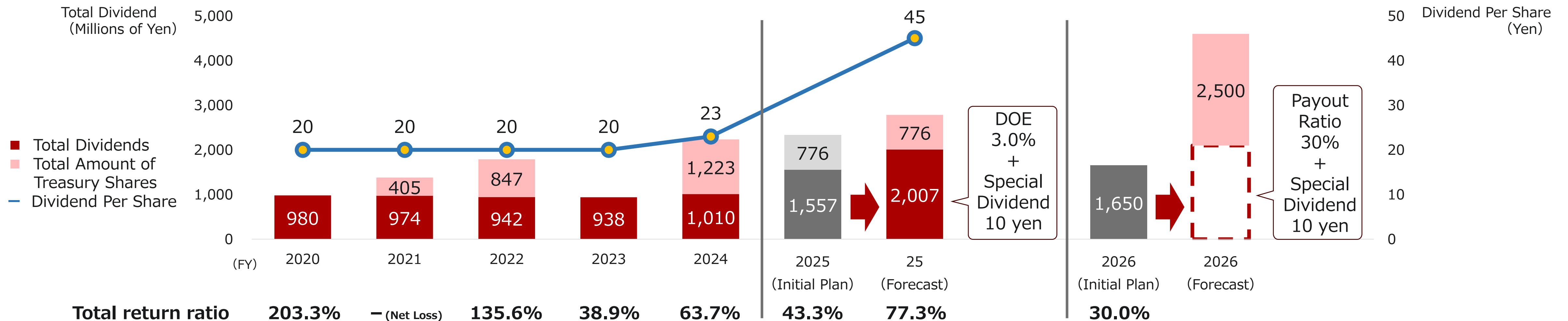
Share Buyback

	FY2024 - FY2025	FY2026
Total Number of Share	Approx. 2.46 million shares	1.5 million shares (maximum)
Total Amount of Price	Approx. 2.0 billion yen	2.5 billion yen (maximum)
Period	From August 2024 to August 2025	From February 2026 to September 2026

Dividend Policy

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

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

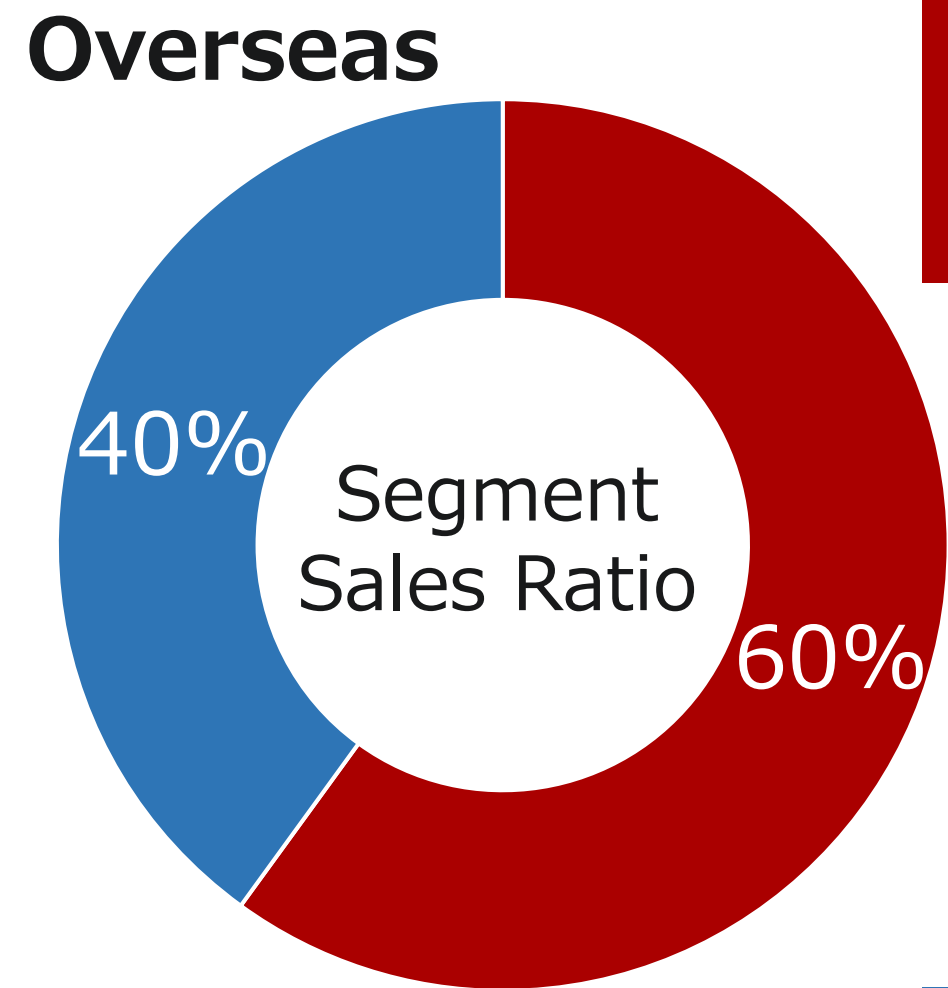


Appendix

- 1. Sales Composition Ratio by Segment (Image)**
- 2. Overview by Product and Service**
- 3. Overview by Region**
- 4. Outlook for Smart Meters Business in Japan**
- 5. Outlook for Smart Meters Business Overseas (Oceania)**
- 6. Strategic Measures Toward Inclusion in the New Topix Index**
- 7. Expected External Environment and Risk/Opportunity Responses**
- 8. Other IR materials**

Sales Composition Ratio by Segment (Image)

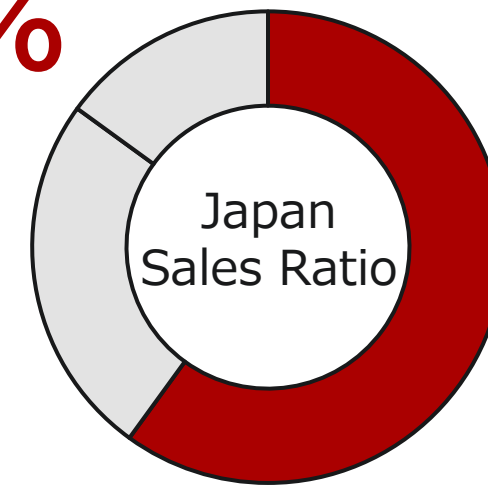
※ The composition ratio is an image based on past results and does not reflect the latest business results.



Smart meters & solutions in Japan

Smart meter Business

60%

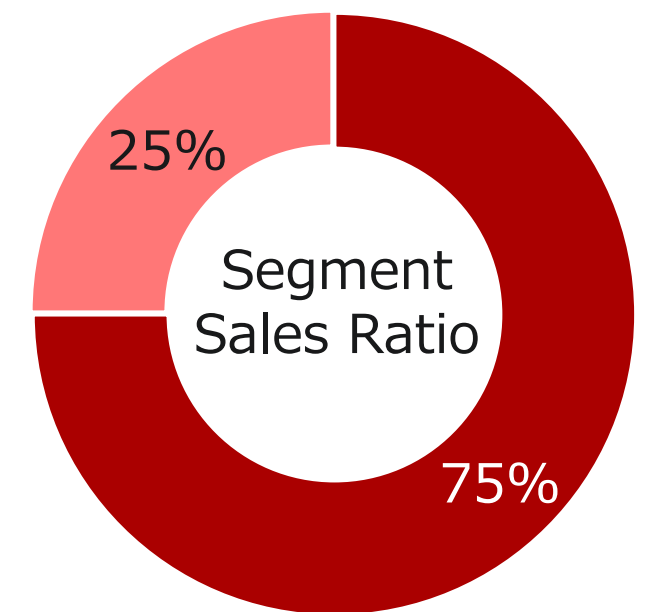


Smart meters and ancillary services

- Smart meters for electric utilities
- Replacement work for smart meters (some regions)

Other products and services for electric utilities

- Products and services for electric utilities other than smart meters (VCT (voltage and current transformers for high-voltage meters) etc.)

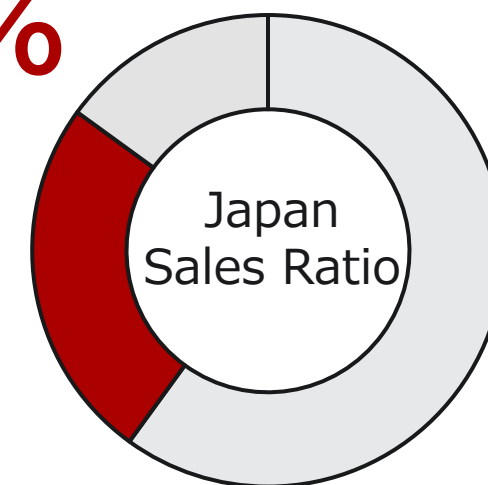


Japan

Smart meters & solutions overseas

Solution Business

25%



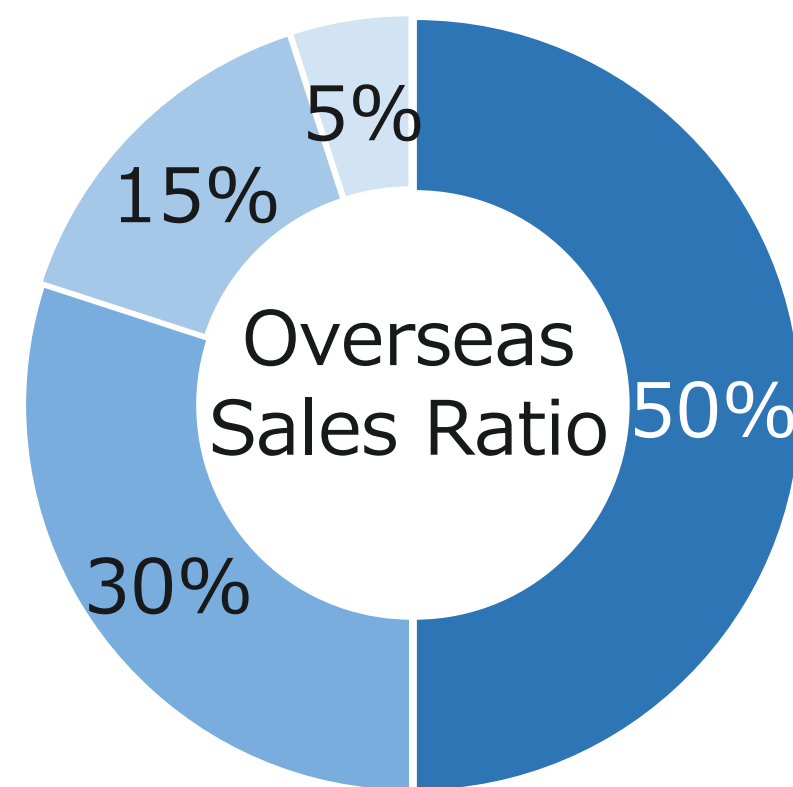
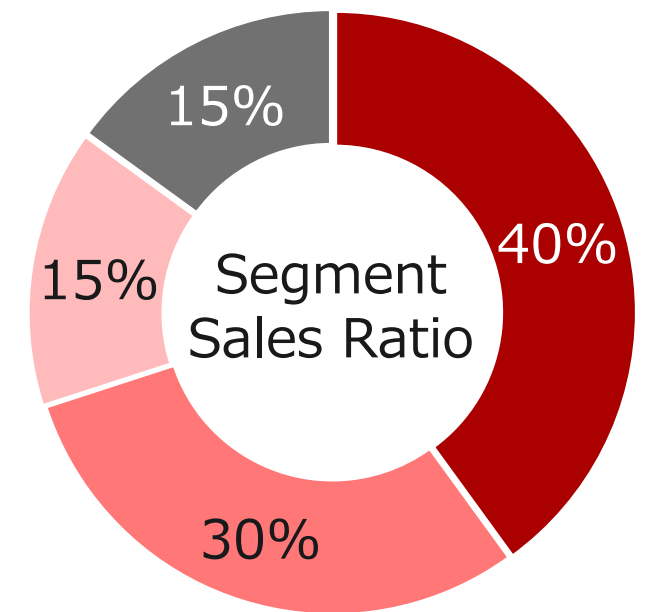
Non-utility meters

- Smart meters and measuring and control instruments for customers other than electric utilities

GX services

- Energy management services
- Support for customers' energy and cost savings

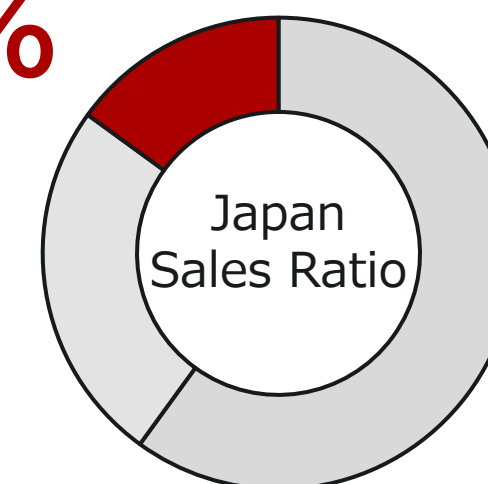
■ Smart meters and ancillary services
■ Other products and services for electric utilities



■ Oceania ■ Asia
■ Europe ■ The Middle East & Africa

Switchgear Business

15%



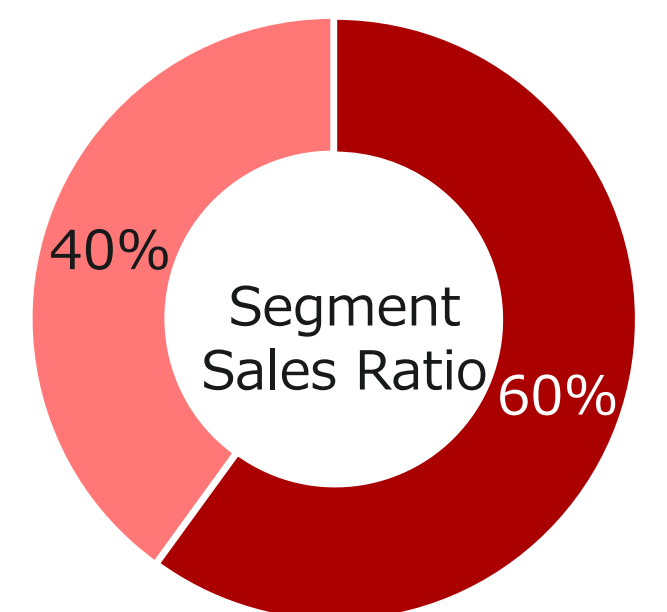
For electric utilities

- Switchgears for power plants and substations

For the industrial sector

- Switchgears for office buildings, factories and data centers

■ Non-utility meters ■ Smart lock
■ GX service ■ Others



■ For electric utilities
■ For the industrial sector

2. Overview by Product and Service (Japan : Smart Meters Business)

Net Sales

(Millions of Yen)

FY2024		FY2025		
Q3 Actual	Q3 Actual	Full-Year Initial Forecast	Full-Year Forecast	Progress Rate (Q3)
26,055	28,780	36,700	37,200	77.4%

▼ Second-Generation Smart Meter



▼ Automated production line



Q3 Actual (YoY)

<Current smart meter>

- Captured the final demand ahead of the discontinuation of sales

<Second-generation smart meter>

- Build-out of production system completed (Phase 1)
 - ✓ Production started in July 2025
 - ✓ Achieved both high product quality and promotion of automation and labor saving (the use of technologies including AI in inspection processes, robots in assembly processes, and AMR (Autonomous Mobile Robot) in handling and transportation)
- Launched the build-out of the production system (Phase 2)
- Commenced shipment from Q3 as initially planned

<VCT>

- Reinforced production capacity to capture increasing demand

Full-Year Forecast (Against the Initial Forecast)

Expecting to exceed the initial forecast

<Second-generation smart meter>

- Revenue is expected to exceed the initial forecast due to robust orders received
- Full-scale shipments beginning in Q4
- Although depreciation expenses are occurring ahead of Q2, earnings are expected to improve due to higher shipments from Q4

<VCT>

- Expecting to exceed the initial forecast due to solid demand

2. Overview by Product and Service (Japan : Solution Business)

Net Sales

(Millions of Yen)

FY2024		FY2025		
Q3 Actual	Q3 Actual	Full-Year Initial Forecast	Full-Year Forecast	Progress Rate (Q3)
8,052	7,859	13,000	12,500	62.9%

▼ Non-utility Meter*



▼ Energy Management Service



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

Q3 Actual (YoY)

<Non-utility meters>

- Despite the delayed start due to market conditions, performance remained on par with the same period last year

<GX services>

- Revenue increased year on year through new customer acquisitions and expanded sales of energy management services to existing customers

<Smart lock>

- Revenue declined due to customers postponing purchases in anticipation of delays in the launch of new products

Full-Year Forecast (Against the Initial Forecast)

Expecting to fall below the initial forecast

<Non-utility meters>

- Revenue is projected to remain on par with the initial forecast by market recovery from H2

<GX services>

- Revenue is expected to be lower than the initial forecast due to revenue recognition for certain products being pushed to the next fiscal year

<Smart lock>

- Revenue is expected to be lower than the initial forecast despite sales contribution from starting new product shipment on Q3, which will be offset by the delay in the product launch

2. Overview by Product and Service (Japan : Switchgear)

Net Sales

(Millions of Yen)

FY2024	FY2025			
Q3 Actual	Q3 Actual	Full-Year Initial Forecast	Full-Year Forecast	Progress Rate (Q3)
5,468	5,179	8,000	8,000	64.7%

▼ Switchgear



Q3 Actual (YoY)

- Sales performed well to both electric utilities and the industrial sector as corporate capital expenditures remained steady
- Revenue decreased year on year mainly due to the phasing of revenue recognition of certain projects for electric utilities into FY2026
- Improve profitability by improving capacity utilization and increasing replacement orders

Full-Year Forecast (Against the Initial Forecast)

Expecting to be on par with the initial forecast

- Firm performance expected with demand for products/services for electric utilities
- Demand growth anticipated for products/services for the industrial sector including data centers
 - Expect to surpass the previous year's results and achieve the initial forecast
- Expecting to exceed the initial forecast due to improved capacity utilization and increasing replacement orders

3. Overview by Region (Overseas : Oceania)

Net Sales

(Millions of Yen)

FY2024	FY2025			
Q3 Actual	Q3 Actual	Full-Year Initial Forecast	Full-Year Forecast	Progress Rate (Q3)
16,600	11,694	19,500	16,000	73.1%



3Q Actual (YoY)

- Due to customer inventory adjustments, performance was sluggish, especially in Australia
- Development and production preparation of the next-generation smart meter NEOS progressed as planned. Production starts from January 2026 and the full-scale market launch is scheduled from April onward

Full-Year Forecast (Against the Initial Forecast)

Expecting to fall below the initial forecast

- Expecting to fall below the initial forecast due to continued inventory adjustments by some customers in Australia

<Background and Forecast of Prolonged Inventory Adjustment>

〔Background①〕 Purchases of current models held back in anticipation of NEOS release

〔Forecast〕 Impacts from the inventory adjustment are through FY2025. From FY2026 onward, demand is expected to recover following the launch of NEOS into the market

〔Background②〕 Due to disasters (cyclones) and the resulting changes in state government budget allocations, the meter installation plans have been extended beyond the original schedule

〔Forecast〕 Impacts from the inventory adjustment are through FY2025. The demand is expected to recover from FY2026 onward

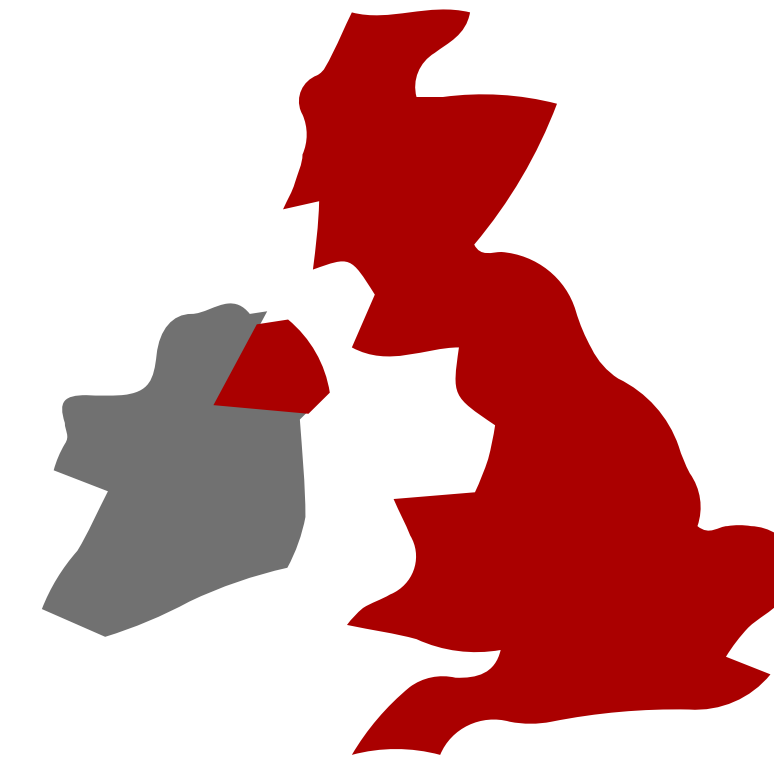
No change in company's market share

3. Overview by Region (Overseas : Europe [UK])

Net Sales

(Millions of Yen)

FY2024	FY2025			
Q3 Actual	Q3 Actual	Full-Year Initial Forecast	Full-Year Forecast	Progress Rate (Q3)
9,330	11,786	13,000	14,500	81.3%



Q3 Actual (YoY)

- Shipments were steady due to continuation of the UK government-led “Smart Meter Project”
- Profit margins improved due to increased shipments as well as cost reduction efforts

Full-Year Forecast (Against the Initial Forecast)

Expecting to exceed the initial forecast

- Revenue is expected to exceed the initial forecast thanks to continued demand in H2 driven by the UK government’s “Smart Meter Project” and the revision of the assumed exchange rate to a weaker yen
- The UK government-led “Smart Meter Project” peaked in FY2025
- Aim to improve profit margins by promoting selective order acceptance focused on profitability and cost reduction activities

3. Overview by Region (Overseas: Asia/The Middle East & Africa)

Net Sales

Asia

(Millions of Yen)

FY2024	FY2025			
Q3 Actual	Q3 Actual	Full-Year Initial Forecast	Full-Year Forecast	Progress Rate (Q3)
3,555	3,468	4,000	4,500	77.1%

3Q Actual (YoY)

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

Full-Year Forecast (Against the Initial Forecast)

Expecting to exceed the initial forecast

- Revenue is expected to exceed the initial forecast, supported by increased sales of industrial meters and the revision of the assumed exchange rate to a weaker yen

The Middle East & Africa

(Millions of Yen)

FY2024	FY2025			
Q3 Actual	Q3 Actual	Full-Year Initial Forecast	Full-Year Forecast	Progress Rate (Q3)
834	3,062	3,500	5,000	61.2%

3Q Actual (YoY)

- Sales increased due to the response to one-off additional orders from existing and specific customers with weighed credit risk

Full-Year Forecast (Against the Initial Forecast)

Expecting to exceed the initial forecast

- Revenue is expected to exceed the initial forecast, supported by one-off additional orders from existing and specific costumers and the revision of the assumed exchange rate to a weaker yen

4. Outlook for Smart Meters Business in Japan

- Second-generation smart meters began full-scale sales in January 2026. All smart meters sold from FY2026 onward are second-generation smart meters

Product Features

High-granularity (15-minute interval) measurement

- Contributes to a detailed understanding of supply and demand conditions
 - ⇒ Strengthened electricity resilience (Rapid power outage detection)
 - Improved power generation efficiency
 - Stable power supply during large-scale renewable energy integration

Remote ampere control function

- Enables remote control of power consumption
 - ⇒ Strengthened electricity resilience (Helps avoid wide-area planned power outages during periods of tight electricity supply and demand, such as in the event of large-scale disasters)

Improved communication function

- Improves convenience through multiple communication methods
 - ⇒ Provides diverse service to customers
 - Encourages energy savings by visualizing power consumption

▼ Second-generation smart meter

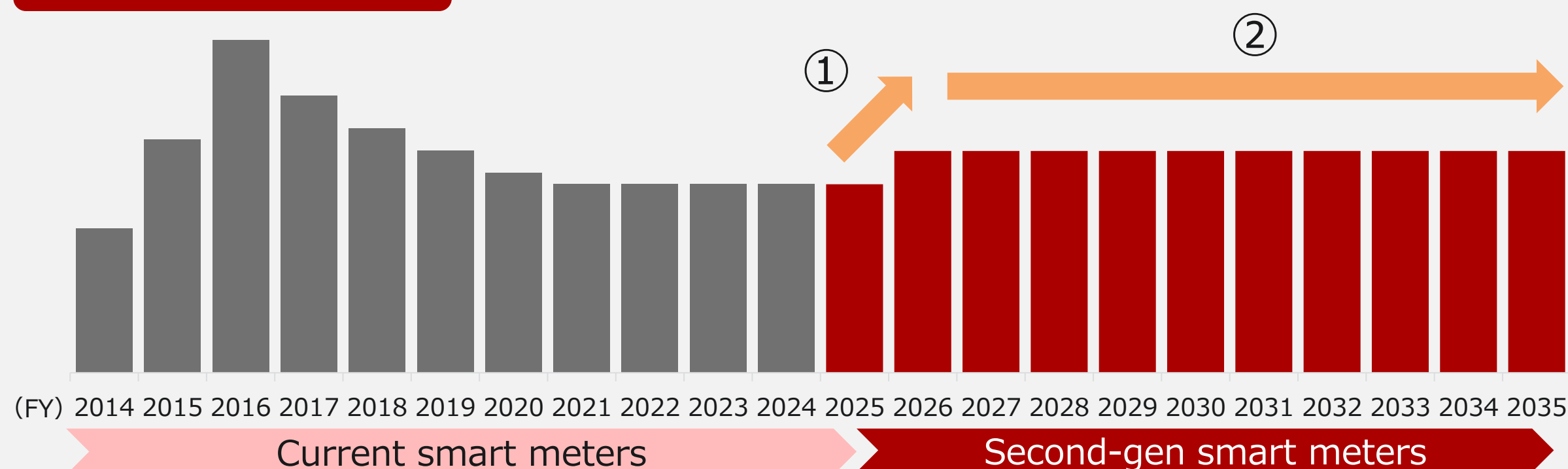


Production Strengths

- Revised the manufacturing structure through in-house development of core components, design standardization, and optimization of the number of parts
 - ⇒ Promoting automation and labor saving
 - Labor saving of assembly lines (Assembly robot implementation)
 - Automation of inspection process (AI implementation)
 - Automation of product handling (AMR implementation)

Outlook

Sales Volume Trend



(FY) 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035

Current smart meters Second-gen smart meters

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

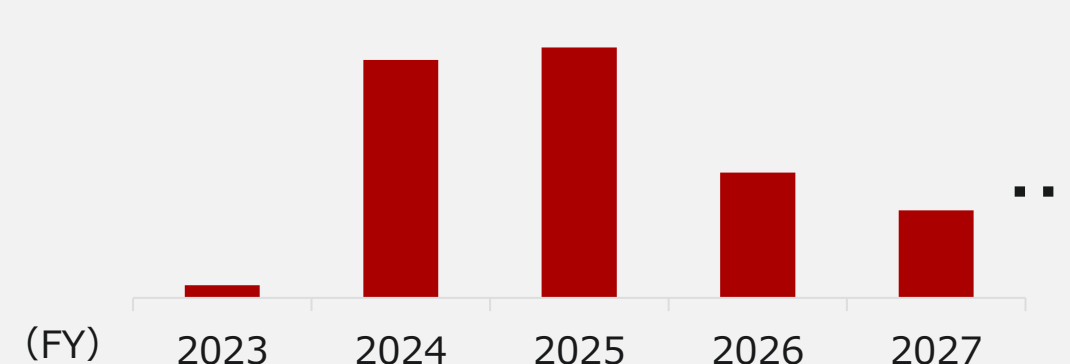
FY2025 - FY2026 ①

- While sales volumes declined in FY2025 due to the phase-out of current models, sales volumes in FY2026 are expected to increase to a higher level with the full-scale launch of second-generation smart meters

FY2026 onward ②

- Sales volume is expected to remain roughly stable from FY2026 onward

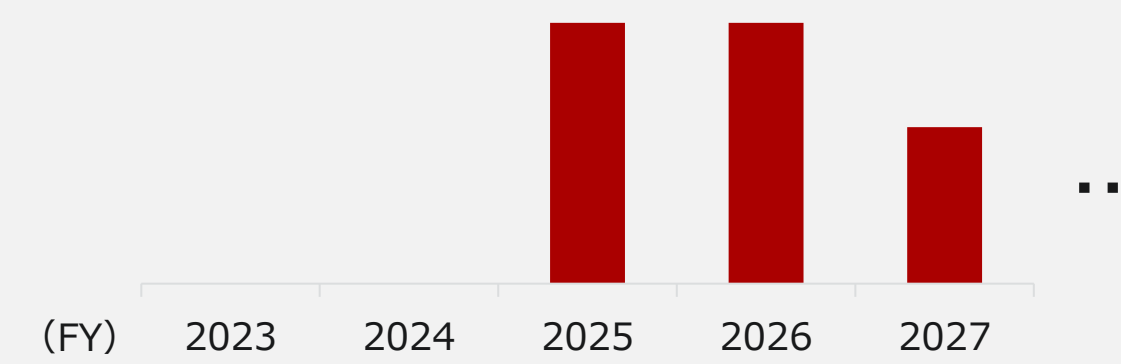
Capital Expenditures up to FY2027 (Second-generation smart meters only)



*The graph height is an image

- Full-scale capital expenditures began from FY2024, with a peak in FY2025, when production started
- Additional investment will be considered from FY2027 onward as necessary, depending on order trends

Depreciation Expenses up to FY2027 (Second-generation smart meters only)



*The graph height is an image

- Depreciation Expenses peaks in 2025 to 2026 due to capital expenditures from FY2024 (Expenses associated with molds (with a one-year depreciation period))

5. Outlook for Smart Meters Business Overseas (Oceania)

Market Outlook

● Australia

- The Australian Energy Market Commission has decided to promote the rollout of smart meters in major regions by 2030. We expect both new demand and replacement demand for previously delivered units
- The smart meter market size in the five eastern states is approx. 9.6 million units. The penetration rate is 43% (As of November 2024)
- In Australia, amid continued population growth (Australian Bureau of Statistics), housing starts are expected to remain solid from FY2026 onward

● New Zealand

- The full-scale roll-out of smart meters began in 2008, and the penetration rate is now close to 100%. Stable replacement demand is expected
- The smart meter market size is approx. 2.1 million units

オセアニアの大手顧客と大型販売契約を締結

- We have entered into long-term sales agreements for the smart meter NEOS and the NEOS Solution* with multiple customers in Australia and New Zealand

【Overview of orders】

- ① Orders : Over 55 billion yen (five-years from FY2026)
- ② Order Details : Provision of EDMI-manufactured smart meters and electricity measurement, monitoring, and control solutions

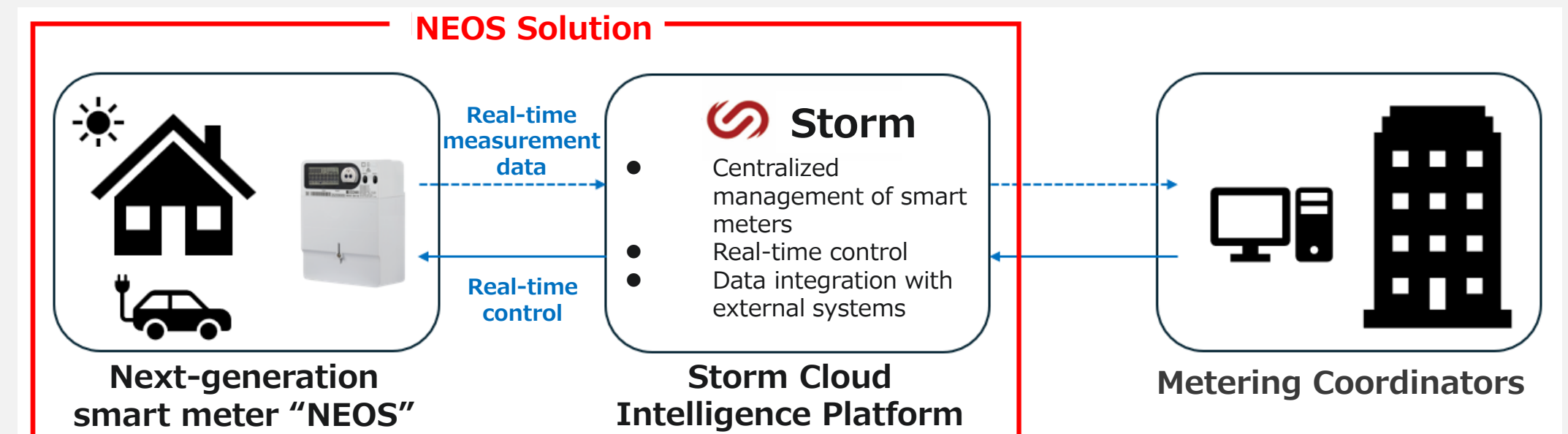
Our Strategy ● Full-scale sales of the next-generation smart meter NEOS began in FY2026, with higher profitability expected.

<NEOS, NEOS Solution>

- We have developed the NEOS Solution, a solution for electricity measurement, monitoring, and control centered on the next-generation smart meter NEOS, and began accepting orders from July 2025
- In addition to high-performance, high-value-added products and services that reflect customer needs, we will drastically review the hardware structure of meters and expect higher profitability
- Approximately half of Oceania's sales volume of smart meters in FY2026 is expected to be "NEOS" (launched in January 2026, full-scale launch from April)

【Product Features】

- ① Support high-frequency and high-precision measurement
- ② Enable real-time monitoring
- ③ Enable rapid and autonomous control



6. Strategic Measures Toward Inclusion in the New Topix Index

- Aim to remain included as a target for TOPIX-linked investment
- Strengthen efforts to meet the selection criteria for constituent stocks in the next generation TOPIX (the second stage of revisions)

Strengthen implementation of "Management Conscious of Capital Cost and Stock Price"

Initiatives to Further Enhance IR

Strengthening Dialogue with Investors

Increased number of IR/SR Interviews
31 times (FY2022) → **74 times** (as of FY2025 Q2)

Increasing the frequency of information disclosure

Changes in the frequency of financial results briefings

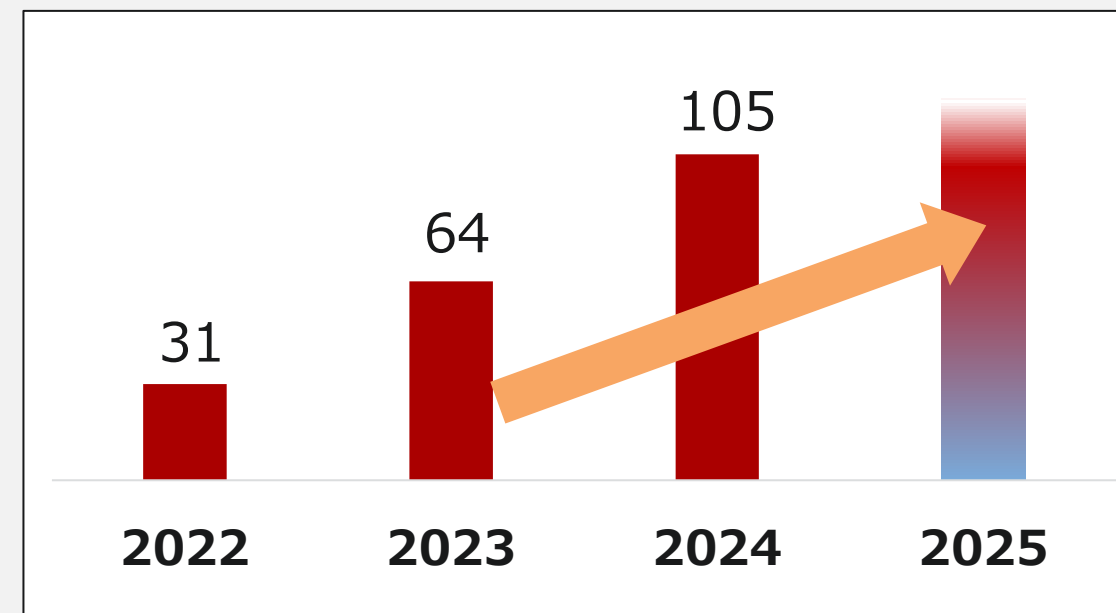
Semi-annual (twice a year)

↓
Quarterly (4 times a year)

Expansion of IR materials

- "Investors Guide" * Language : Japanese
 - "Frequently asked questions at IR interviews and other occasions." * Language : Japanese
 - Enhancement of the content of the integrated report
 - Reorganization of the value creation process
 - Expansion of description of management capital strategy
 - Expansion of descriptions of business strategies
- etc.

▼ Number of IR/SR Interviews (FY2022-FY2025)



▼ Expanded IR materials



Initiatives Conscious of Capital Costs and Stock Prices

Analysis of the current situation

ROE : 7.0% (FY2025 Plan Figures)

The cost of equity capital : 6.0%

- While maintaining levels above the cost of shareholders' equity, we aim for sustainable improvement in ROE through enhanced profitability and capital efficiency

Revising the dividend policy

The dividend policy for FY2025 onwards was revised **with a higher DOE benchmark**

→ FY2025 annual dividend per share forecast is 35 yen, a **13 yen** increase from FY2024

Repurchase and retirement of own share

- Period of repurchased : From August 2024 to August 2025
- Total number of repurchased : 2.46 million shares
- Total amount of repurchase price : 2,000 million yen

- Date of retirement: September 30, 2025
- Total number of shares retired : 1,350,000 shares
- Total number of shares issued after retirement : 46,917,180 shares

Improve the cash conversion cycle

- 【Target】 Reduction of inventories by approximately **3 billion** yen from the end of FY2023 (22.3 billion yen) by the end of FY2026
 - Build a project team to work on reducing overseas inventory
- As of the end of Q3 FY2025, the reduction amounted to 1.3 billion yen compared with the end of FY2023

Reducing Strategic Shareholdings

Sale of Real Estate

4. Expected External Environment and Risk/Opportunity Responses ①

Expected External Environment	Major Expected Risks [R] and Opportunities [O]	Key Countermeasures
【Short-term】 Heightened Geopolitical Risks	【R】 Reduced demand and increased credit risk due to regional conflicts and political instability 【R】 Supply chain disruptions	<ul style="list-style-type: none"> Quickly capture risk information and apply selective order-taking Diversify procurement through new supplier development and shifting orders
【Short-term】 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	<ul style="list-style-type: none"> Forward contracts to hedge currency fluctuations Mitigate impact through design modifications and material reviews assuming higher import material prices
【Short-term】 Rising raw material costs	【R】 Soaring prices for raw materials such as copper and resin	<ul style="list-style-type: none"> Reduction of impact through design changes and material reviews Price restraint through multi-company purchasing
【Short-term】 Regulations on Exports of Rare Earth	<ul style="list-style-type: none"> ● The rare earths used by OSAKI Group are not subject to export restrictions as of Q3 FY2025. Therefore, there is no impact on our operations 【R】 If export restrictions are expanded to include rare earths used by OSAKI Group, there are concerns about rising procurement costs and potential impacts on production plans 	
【Short-term】 Semiconductor memory shortage	<ul style="list-style-type: none"> ● The semiconductor memory, which is globally reported to be in shortage, is of a different specification category from that used by OSAKI Group as of Q3 FY2025. Therefore, there is no impact on our operations 【R】 If the global shortage of semiconductor memory worsens and affects the specifications used by OSAKI Group, there are concerns about rising procurement costs and potential impacts on production plans 	

4. Expected External Environment and Risk/Opportunity Responses ②

Expected External Environment	Major Expected Risks [R] and Opportunities [O]	Key Countermeasures
<p>【Mid- to Long-term】 Utility Volatility from Economic Downturn and Oil Prices</p>	<p>【R】 Reduced investment in smart meters and related areas</p>	<ul style="list-style-type: none"> • Early identification of information and countermeasure planning through strong customer communication • Expansion of the Solution Business
<p>【Mid- to Long-term】 Stronger regulations and initiatives to reduce greenhouse gas emissions</p>	<p>【O】 Growing demand for decarbonization and energy efficiency</p> <p>【R】 Increased business costs due to strengthened renewable energy and energy efficiency policies</p>	<ul style="list-style-type: none"> • 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
<p>【Mid- to Long-term】 Decline in Japan's Working-Age Population</p>	<p>【O】 Growing demand for labor-saving solutions</p> <p>【R】 Increase in personnel expenses (personnel expenses for full-time employees and expenses for external resources)</p>	<ul style="list-style-type: none"> • 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
<p>【Mid- to Long-term】 Global Increase in Electrification Rates</p>	<p>【O】 Growing demand for smart meters and renewal of transmission/distribution infrastructure</p>	<ul style="list-style-type: none"> • 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

5. Other IR materials

Financial Results and Presentation Materials

Materials related to past financial results are available [Our Website Financial Results and Presentation Materials](#)

Investors Guide

This Investors Guide has been prepared to provide investors who are considering us as an investment target for the first time with a more detailed understanding of our business activities, strategies, and other matters *Language : Japanese [Our Website Investors Guide ~To understand us in 10 minutes~](#)

Sponsored Research

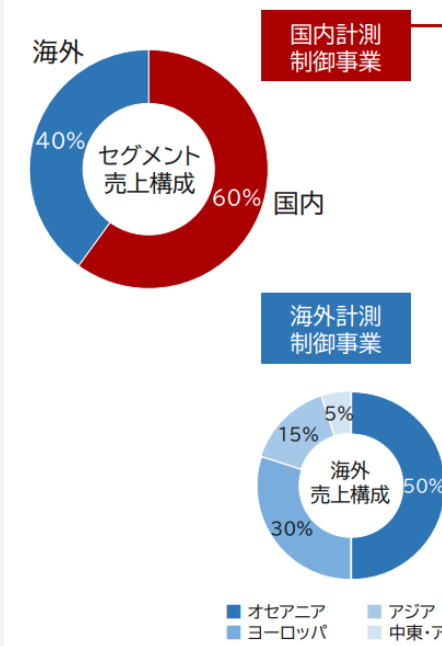
This sponsored research has been prepared with the aim of providing a more detailed understanding of our company [Our website Sponsored Research](#)

Integrated Reports

We provide a clear overview of our current status while disclosing, as fully as possible, our action plans outlining what we aim to achieve and by when. Our mid- to long-term value creation process is presented from both financial and non-financial perspectives [Our Website Integrated Reports](#)

6. セグメント別売上構成比率(イメージ)

※ 構成比は過去実績に基づくイメージであり最新の業績を反映したものではありません



7. 3C視点での事業概要(お客様、自社、競合他社)

OSAKI

- 当社では、住宅からビル・工場まで全施設に対応した電力計(スマートメーター)を製造・販売
- 住宅等に設置される電力計(スマートメーター) (日本国内)
- 海外スマートメーター事業 ①

Point! 住宅等に設置される電力計(スマートメーター)の有効期間は10年

お客様 電力会社および電力関連会社 (電力会社がメーカーから購入し住宅等に設置=電力会社の資産)

競合他社 三菱電機、富士電機、東光高岳 (各社シェア未開示)

当社の優位性 製品ラインナップ、生産能力/デリバリー、営業・サービス体制 (グループ会社を含めた協力体制)

生産拠点 埼玉県三芳町、大阪府摂津市

高圧受電するビル・工場等に設置される電力計(スマートメーター)等 (日本国内)

高圧受電用設備 高電圧の電力使用量計に使用する製品、高電圧が家庭用電力計とは計測で全く異なる計測器が必要、設置場所が工場やビルなど

VCT (高圧計器用変圧変流器) 高電圧の電気を電力使用量計が可能な水準に電圧・電流を変換する機器、競合他社、東光高岳

8. セグメント別戦略(不動産事業を除く)

OSAKI

外部環境変化予測(2027年ごろ)

- 気候変動対策の加速
- 電力供給の安定化
- 脱炭素社会の実現(再生可能エネルギー普及)
- 都市圏へのスマートメーター導入拡大
- 電力需要の増加
- AI・DXの進展に伴う電力消費増
- 電力需要の多様化
- 電力需要の分散化
- AI・DXの進展に伴う電力消費増
- 電力需要の多様化
- 電力需要の分散化

内部環境・外部環境整理(SWOT分析)

- 強み: 顧客志向に基づく製品主体の強み、差別化可視化、顧客志向に基づく製品主体の強み、差別化可視化
- 弱み: 顧客志向に基づく製品主体の強み、差別化可視化
- 機会: 顧客志向に基づく製品主体の強み、差別化可視化
- 脅威: 顧客志向に基づく製品主体の強み、差別化可視化

中期経営計画達成に向けた事業戦略 (2025年以降)

2025年度 (具体的施策)

- 最先端スマートメーター製品への受注確保の実行
- AI活用や自動化を進めたい生産ライン構築 (省人化や生産性向上)
- 顧客志向に基づく製品主体の強み、差別化可視化
- 顧客志向に基づく製品主体の強み、差別化可視化

2026年度 (具体的施策)

- 最先端スマートメーターを主軸とする
- AI活用や自動化を進めたい生産ライン構築 (省人化や生産性向上)
- 顧客志向に基づく製品主体の強み、差別化可視化
- 顧客志向に基づく製品主体の強み、差別化可視化

OSAKI Group Integrated Report 2025

Message from the President

We Are Fully Committed to Enhancing Sustainable Corporate Value by Focusing on Both Business Growth and Strengthening Our "Growth Power."

Advancing Corporate Governance

Price-to-Book Ratio (PBR) below 1.0x

Review of the First Year of the Mid-Term Management Plan (FY2024)

ROE Improvement Essential to Further Enhance PBR

Simultaneously Driving Business Growth and Strengthening "Growth Power"



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

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- In preparing this document, the Company has relied upon and assumed the accuracy and completeness of all information available from third parties, but the Company makes no representation or warranty as to the accuracy or completeness of such information. The information contained in this document is subject to change without prior notice.
- Forward-looking figures contained in this document are based on data and information available up to the date of its announcement and may differ significantly from actual results due to various factors. Accordingly, you are cautioned not to place any reliance on these forward-looking statements. We undertake no obligation to change or revise any forward-looking statements in light of new information, future events, or other findings.
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