

May 12, 2025

Company name: Osaki Electric Co., Ltd.
Name of representative: Yoshihide Watanabe,
Chairman and CEO
(Securities code:6644; TSE Prime Market)
Inquiries: Ryuichi Ueno,
Director and Senior Managing
Executive Officer Head of Group
Strategy Division
(Telephone: +81-03-3443-7171)

Notice Regarding Revisions to the Financial Targets of the Mid-Term Management Plan

Osaki Electric Co., Ltd. announces that it has revised the financial targets of its Mid-Term Management Plan for the fiscal years ended March 2025 through March 2027, which were initially announced on May 9, 2024, as outlined below.

1. Revisions to the Financial Targets of Mid-Term Management Plan

(1) Consolidated Financial Targets

(Millions of yen)

	Fiscal Year Ended March 2025 (FY2024)		Fiscal Year Ending March 2026 (FY2025)		Fiscal Year Ending March 2025 (FY2026)
	Forecast	Actual	Initial Forecast	Revised Forecast	Forecast
Net Sales	90,000	97,102	95,000	98,000	100,000
Operating Profit	4,700	5,701	5,500	5,800	9,000
Profit attributable to owners of parent	2,000	3,504	3,500	3,600	5,500
ROE(%)	4.0	6.9	6.5	7.0	10.0

(2) Financial Targets by Business Segments

(Millions of yen)

		Fiscal Year Ended March 2025 (FY2024)		Fiscal Year Ending March 2026 (FY2025)		Fiscal Year Ending March 2027 (FY2026)	
		Forecast	Actual	Initial Forecast	Revised Forecast	Initial Forecast	Revised Forecast
Net Sales*	Smart meters & solutions in Japan	53,500	56,061	56,000	57,700	59,500	63,700
	Smart meters & solutions overseas	36,000	40,584	38,500	40,000	40,000	36,000
	Real estate	500	456	500	300	500	300
Operating Profit	Smart meters & solutions in Japan	2,600	3,965	2,600	3,500	5,400	5,600
	Smart meters & solutions overseas	1,800	1,477	2,600	2,200	3,300	3,300
	Real estate	300	270	300	100	300	100

*Sales to external customers

2. Reasons for the Revisions

The primary reasons for the above revisions are as follows. For further details regarding the revisions, please refer to the attached document, "Revisions to the Financial Targets of the Mid-Term Management Plan".

(Fiscal Year Ending March 2025 / FY2024)

The initial plan figures have been exceeded due to the following reasons:

- ▶ In Smart meters & solutions in Japan, sales have exceeded the initial plan
- ▶ Recording of extraordinary gains through the sale of real estate and strategic shareholdings

(Fiscal Year Ending March 2026 / FY2025)

Based on the revision of the assumed foreign exchange rates and recent business performance trends, the initial plan figures for net sales and operating income have been revised as shown in the table above.

(Fiscal Year Ending March 2027 / FY2026)

As progress is generally in line with the initial plan, the consolidated targets remain unchanged. However, net sales and operating income by business segments have been revised based on recent business performance trends, as reflected in the table above.

There are no changes to the fundamental policies and key strategies of this Mid-Term Management Plan. For further details, please refer to the "OSAKI Formulates Mid-Term Management Plan and Establishes Corporate Purpose", announced on May 9, 2024.

In addition, regarding our initiatives to enhance corporate value, please also refer to the "Fostering Management Conscious of Capital Cost and Stock Price (Update)", which was announced today.

* Please note that the above plans have been prepared based on information available as of the date of this announcement, and actual results may differ due to various factors.

Revisions to the Financial Targets of the Mid-Term Management Plan

- Revision to the announcement titled “OSAKI Formulates Mid-Term Management Plan and Establishes Corporate Purpose” (released on May 9, 2024) -

May 12, 2025
Osaki Electric Co., Ltd.

1. Revisions to the Financial Targets

Revisions to The Financial Targets

(Billions of Yen)	FY2024		FY2025		FY2026
	Forecast	Actual	Initial Forecast	Revised Forecast	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%

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	<div>【Net sales】 Upward Revision</div> <ul style="list-style-type: none">• Increase in overseas sales due to revised forex rates (130 yen→140 yen)• Stronger-than-expected sales in smart meter business in Japan <div>【Operating profit】 Upward Revision</div> <ul style="list-style-type: none">• 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	<div>【Net sales】</div> <ul style="list-style-type: none">• 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 <div>【Operating profit】</div> <ul style="list-style-type: none">• 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

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)

2. Business Progress and Outlook

Smart meters & solutions in Japan

	Progress	Key highlights
Smart meter business	Good	<ul style="list-style-type: none">Orders for current smart meters have exceeded the initial forecastSecond-gen smart meter production line is progressing smoothly
Solution business	Slightly good	<ul style="list-style-type: none">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	<ul style="list-style-type: none">Steady progress continues, supported by strong corporate investment, including in data centers

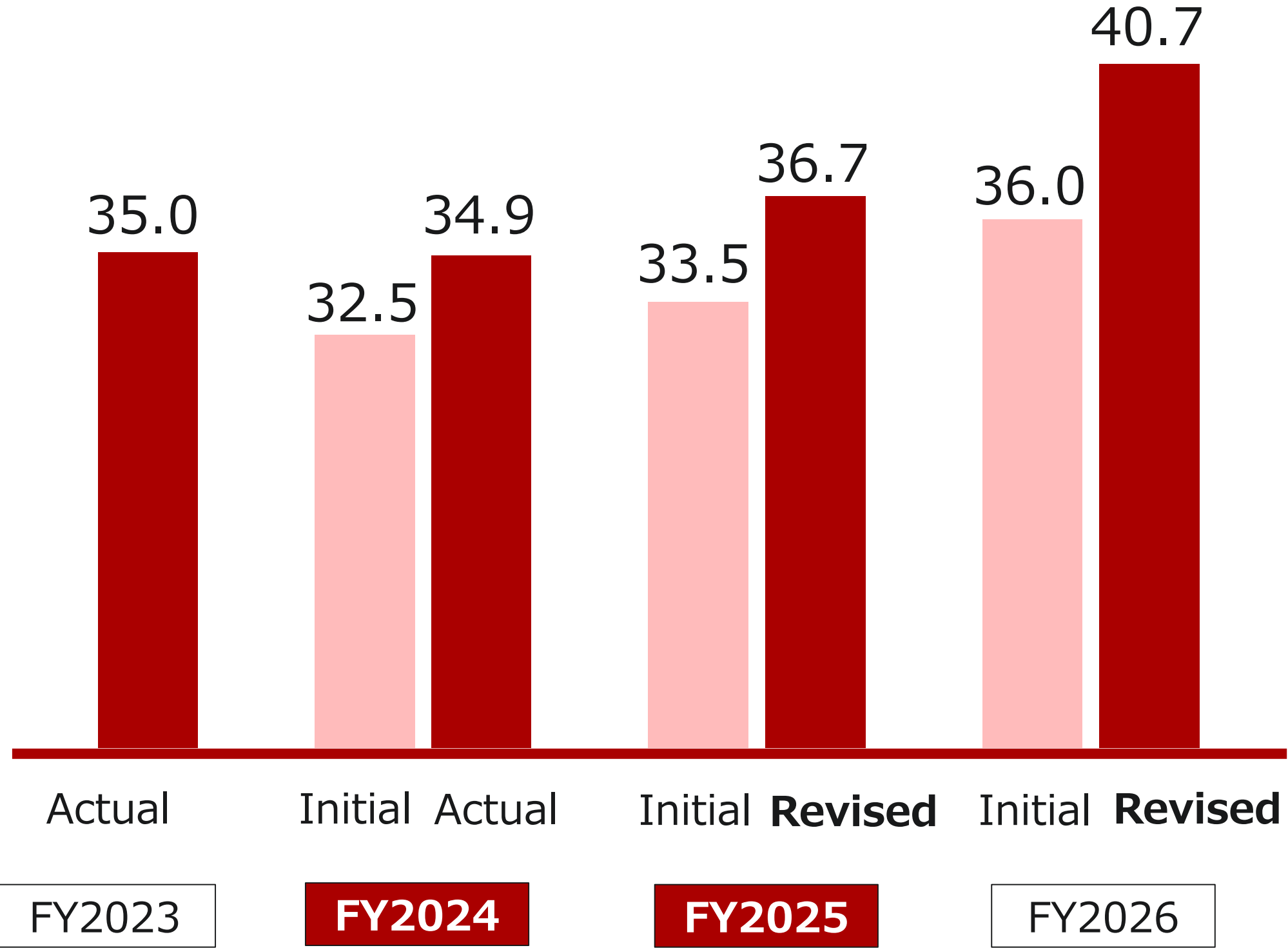
- Progress is assessed using a four-level internal rating system: Good, Slightly good, Slightly poor, Poor
- Progress on the FY2024 business plan is evaluated based on net sales, gross profit, and qualitative factors

Smart meters & solutions overseas

	Progress	Key highlights
Oceania	Good	<ul style="list-style-type: none">Exceeded the initial forecast due to additional ordersDevelopment and production preparation for next-gen meters is progressing as planned
Europe (UK)	Good	<ul style="list-style-type: none">Shipments remain steady, in line with the initial forecastProfit margins improved due to selective orders focused on profitability and a stronger pound
Asia	Slightly good	<ul style="list-style-type: none">Shipments on track with the initial forecast
The Middle East & Africa	Poor	<ul style="list-style-type: none">The forecast was not met due to selective order-taking based on credit risk considerations

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 AGVs (Automated Guided Vehicles) 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】

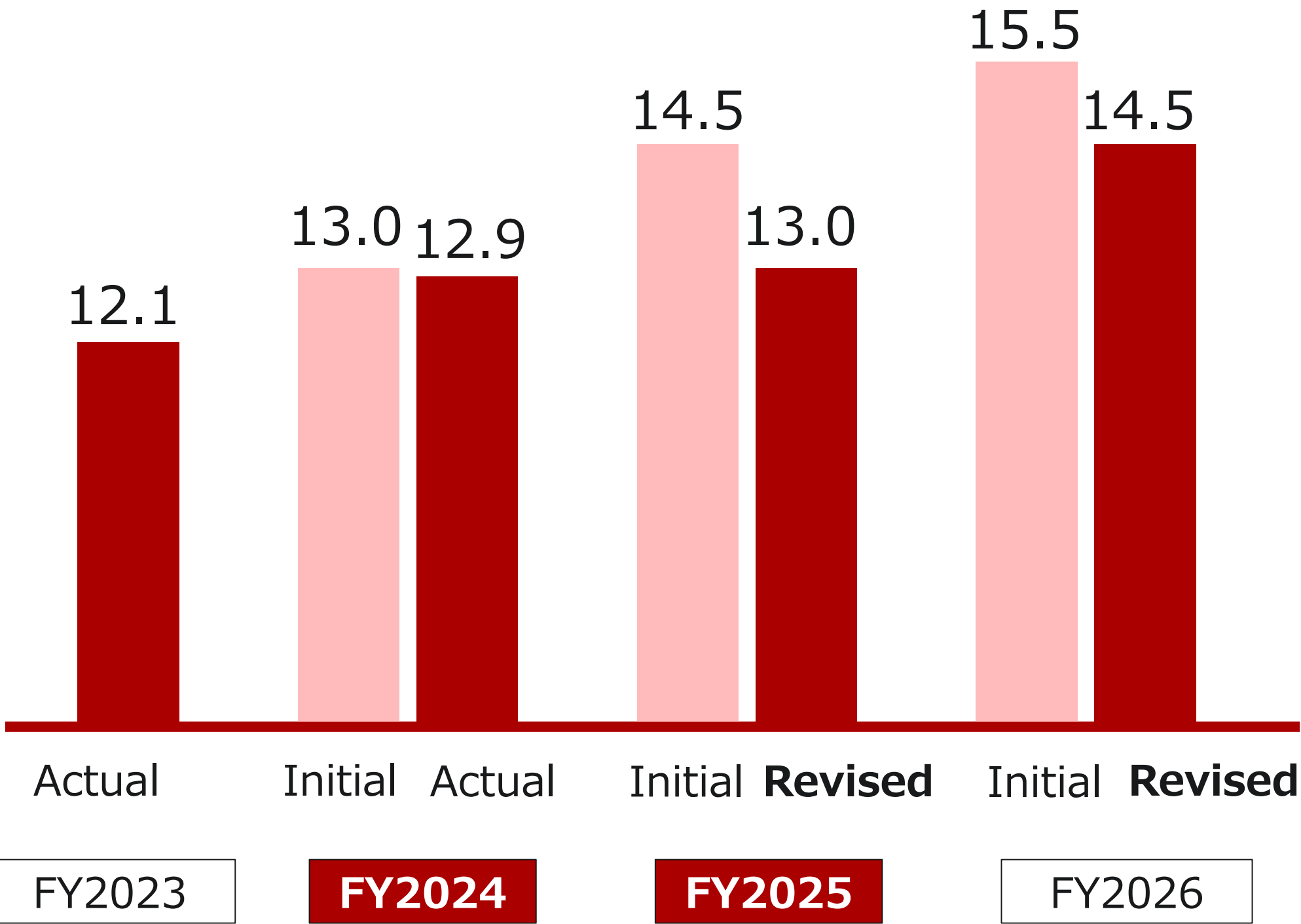
- Expect higher sales based on the bidding status for second-generation smart meters

<Second-gen smart meters>

- Production start in 1H FY2025, sales launch in 2H
- Phase 1 line completed in 1H, Phase 2 construction starts thereafter

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】

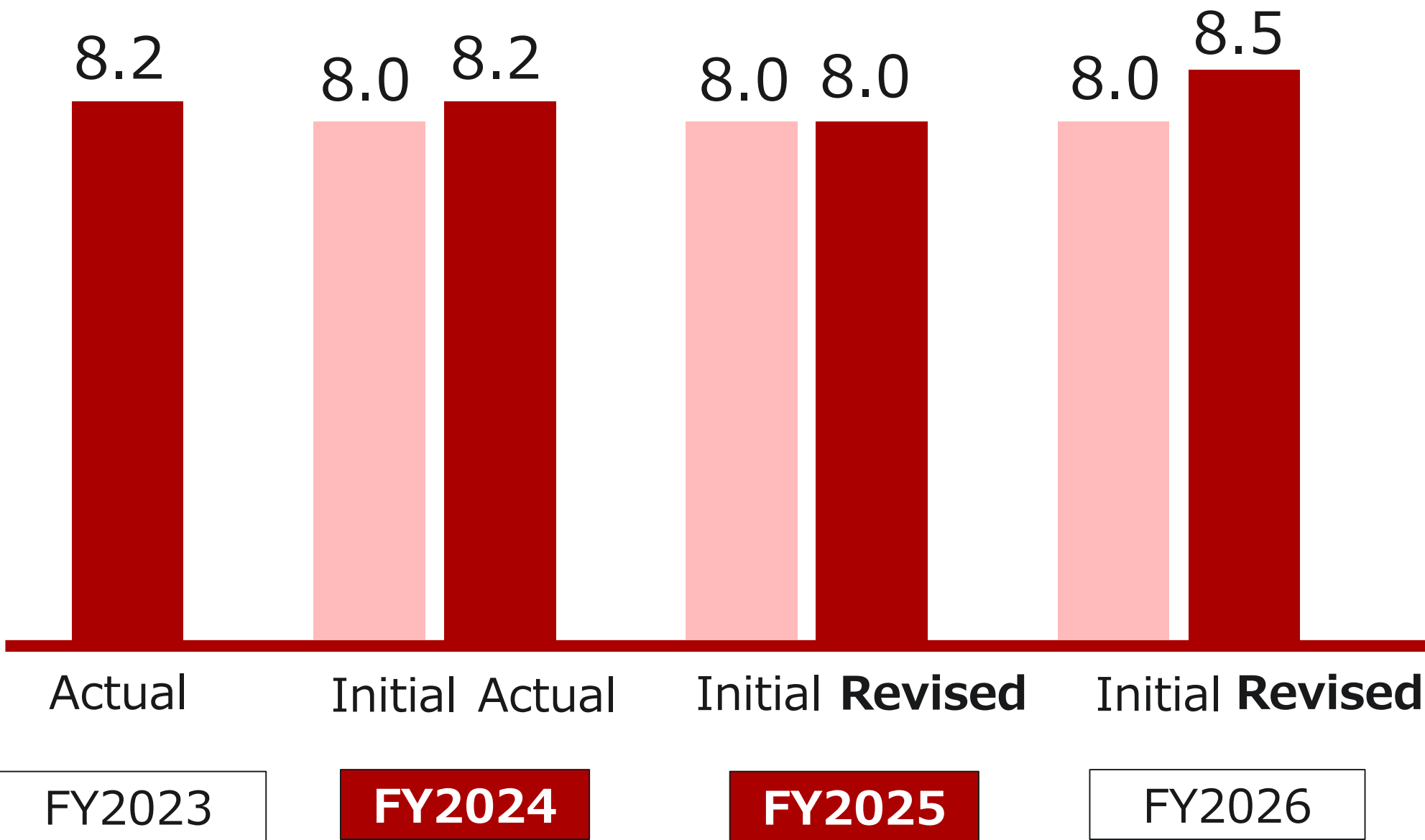
- **Maintain steady sales of meters for non-utility customers, in line with FY2024**
- **Expand sales of GX services by acquiring new customers**
- **Increase smart lock sales through launch of new products**
- **Match FY2024 levels due to post-peak sales adjustment for some subsidiary products**

【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**

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

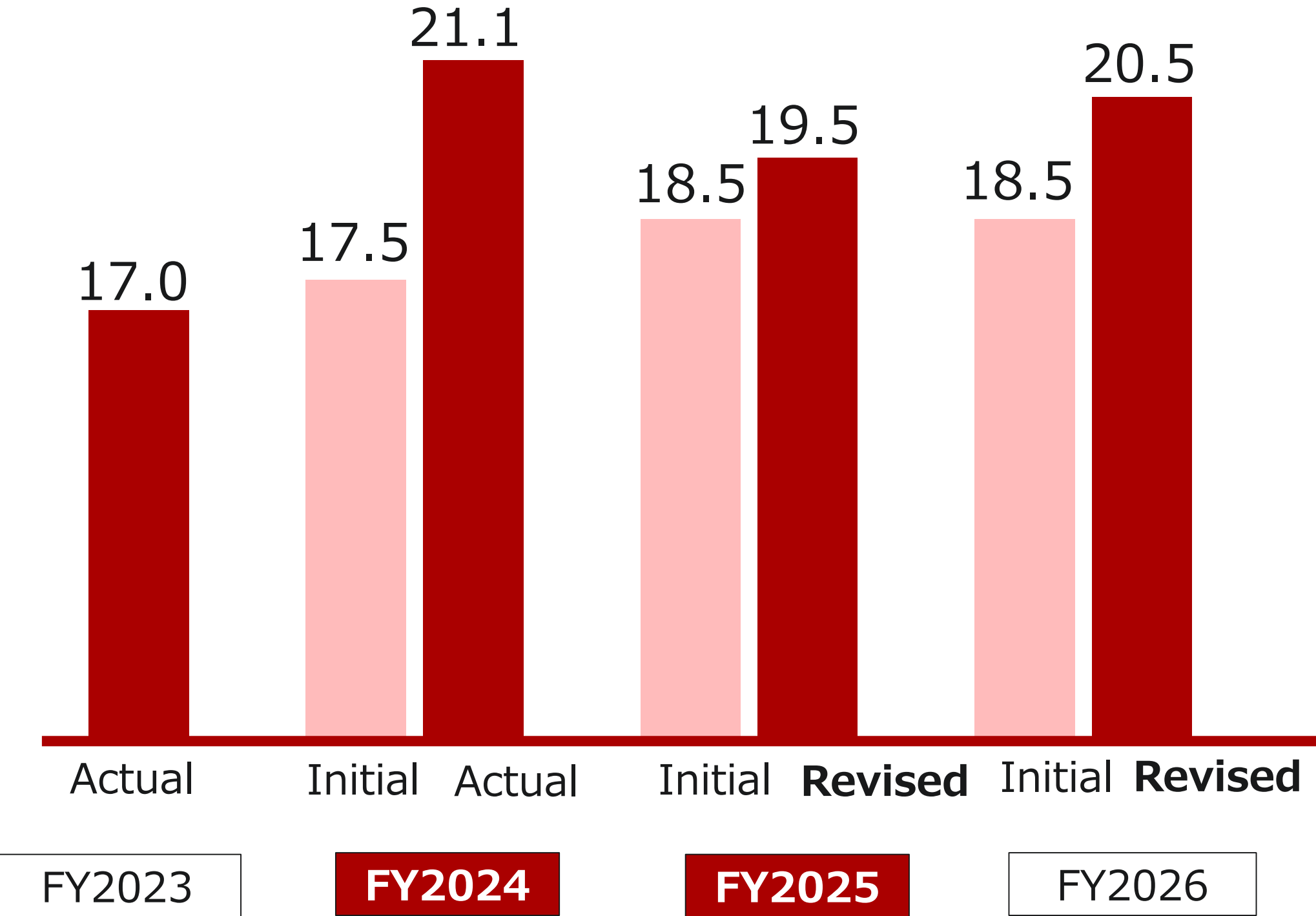
Forecast in FY2025

[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

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】

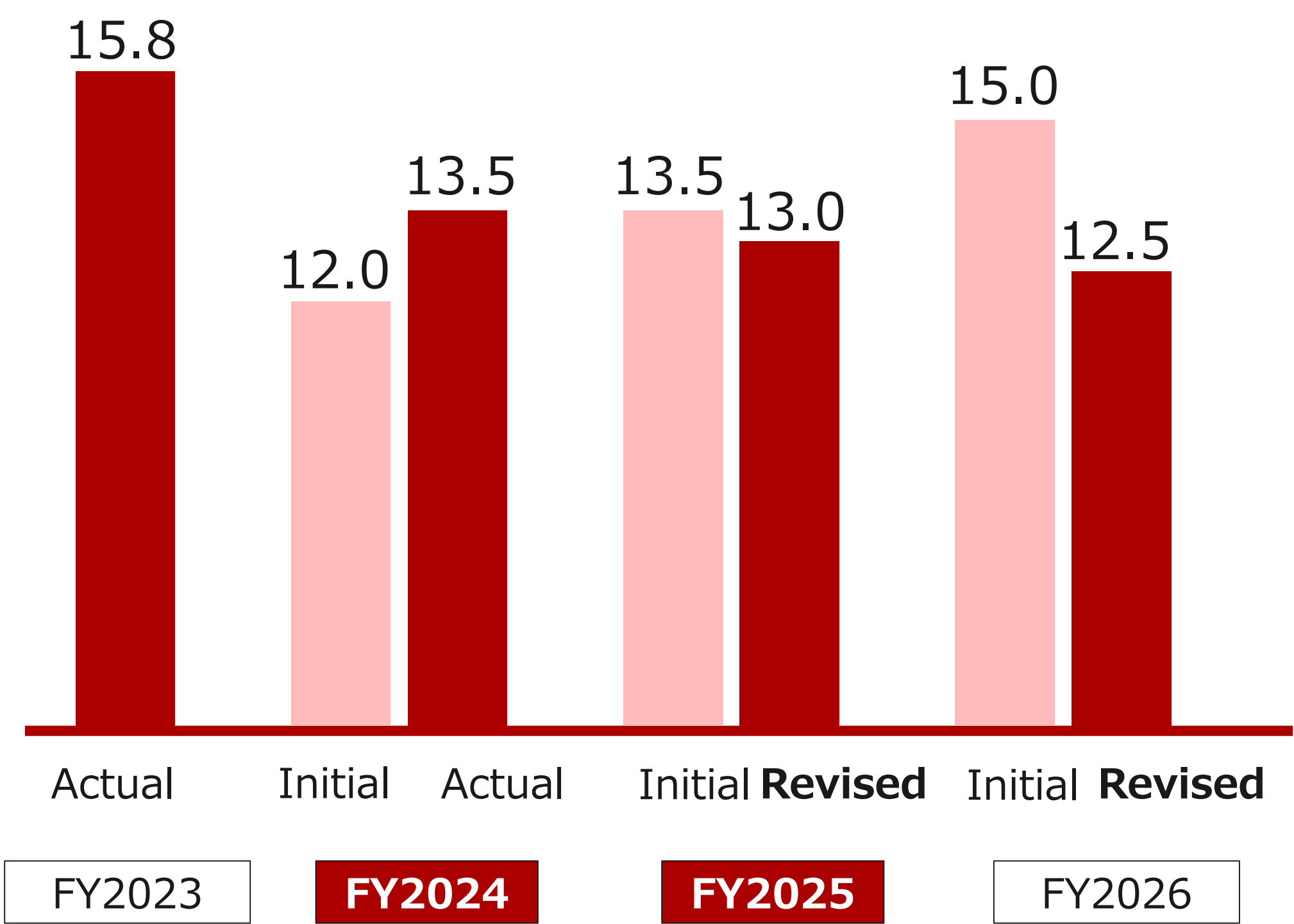
- Shipments are expected to remain at the FY2024 level, supported by new demand in Australia and replacement demand in New Zealand
- Due to a stronger yen assumption against the U.S. dollar, sales in yen terms are expected to decline
- Aim to improve profit margins through the introduction of next-generation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

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】

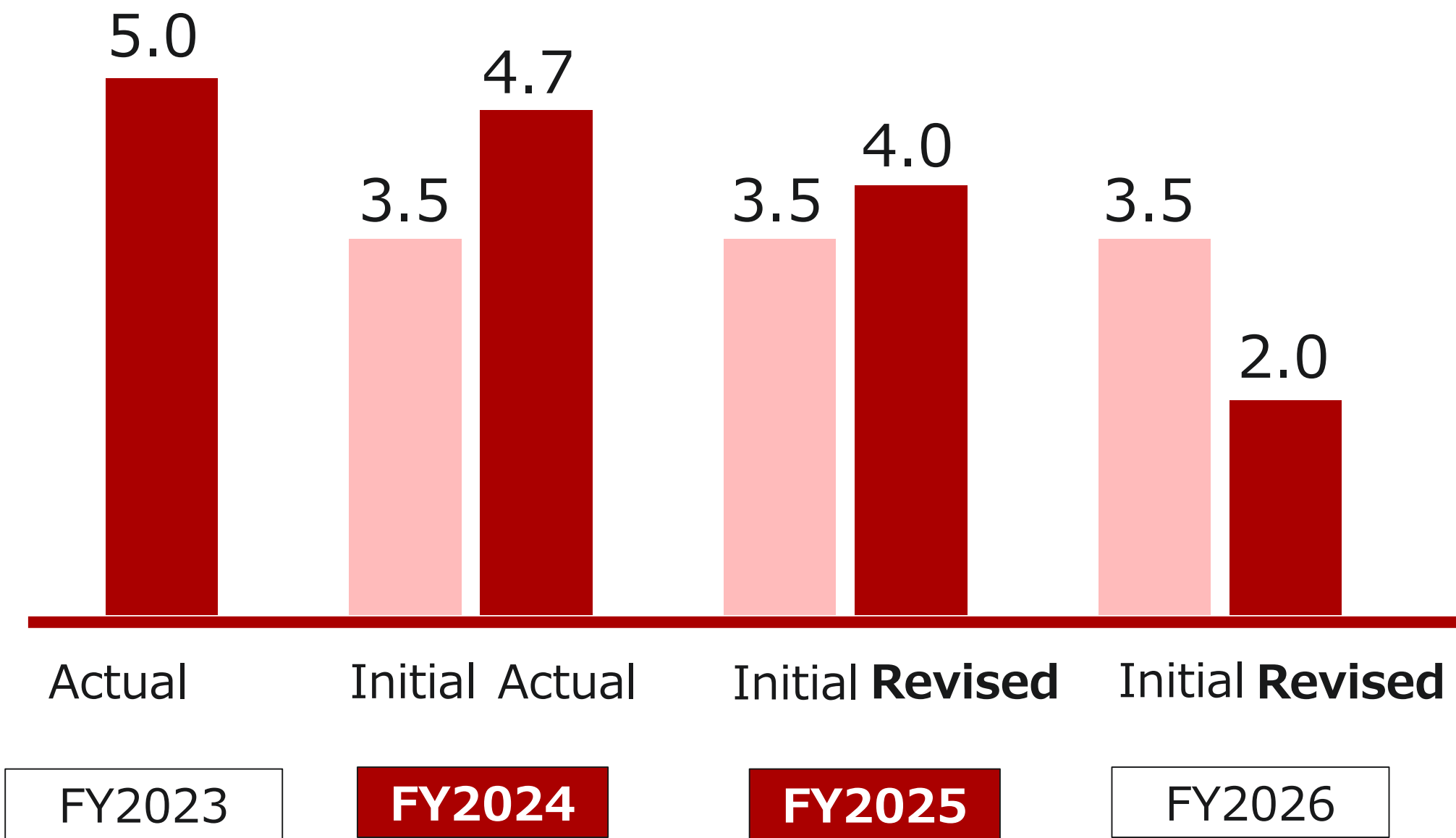
- Expect increased sales due to continued progress of the government's Smart Meter Project
- Due to a stronger yen assumption against the U.S. dollar, sales in yen terms are expected to decline, while sales in U.S. dollar terms are expected to see a slight increase
- Aim to improve profit margins through 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.

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】

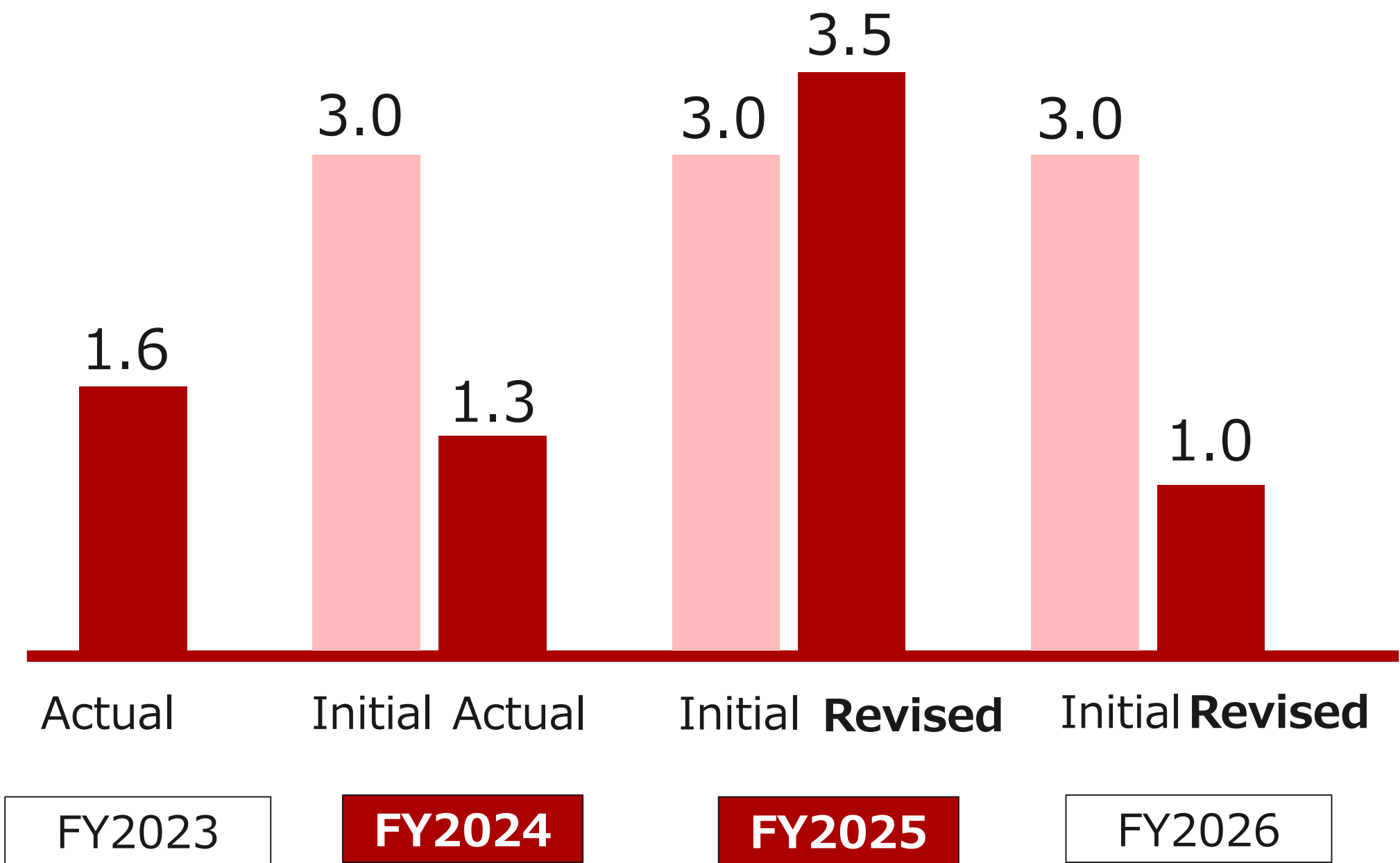
- Revenue decreased due to the decline in standalone meter sales
- Revenue also declined due to reduced demand ahead of the transition to next-generation industrial meters (to be introduced in the second half of FY2026)

【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)

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)

3. Scenario for Achieving 10% ROE (FY2026)

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

4. Expected External Environment and Risk/Opportunity Responses

Expected External Environment	Major Expected Risks [R] and Opportunities [O]	Key Countermeasures
Heightened Geopolitical Risks	<p>【R】 Reduced demand and increased credit risk due to regional conflicts and political instability</p> <p>【R】 Supply chain disruptions</p>	<ul style="list-style-type: none">• Quickly capture risk information and apply selective order-taking• Diversify procurement through new supplier development and shifting orders
U.S. Additional Tariff Measures	<p>▶ OSAKI Group does not operate in the United States, and the direct impact is minimal</p> <p>【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.</p>	
Rapid Fluctuations in Foreign Exchange Rates	<p>【R】 Depreciation of the domestic currency (e.g., weaker yen) → Higher procurement costs for imported materials</p> <p>【R】 Appreciation of the domestic currency (e.g., stronger yen) → Decline in overseas subsidiaries’ performance in yen terms</p>	<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
Rising Raw Material Costs Due to Inflation	<p>【R】 Surging raw material prices, including copper and resins</p>	<ul style="list-style-type: none">• Impact mitigation through design and material changes
Utility Volatility from Economic Downturn and Oil Prices	<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

Expected External Environment	Major Expected Risks [R] and Opportunities [O]	Key Countermeasures
Stronger regulations and initiatives to reduce greenhouse gas emissions	<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
Decline in Japan's Working-Age Population	<p>【O】 Growing demand for labor-saving solutions</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
Global Increase in Electrification Rates	<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



OSAKI ELECTRIC CO., LTD.
TSE Prime Market
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