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Notice Concerning Extraordinary Loss (Loss on Withdrawal from Business)

Osaki Electric Co., Ltd. (“the Company”) announces that it expects to record an extraordinary loss for the third quarter of the fiscal year ending March 31, 2026, as outlined below.

Details

1. Details of the Extraordinary Loss

Under the Mid-Term Management Plan (FY2024-FY2026), the Company has been implementing company-wide structural reforms at EDMI Limited, a wholly owned subsidiary of the Company headquartered in Singapore (“EDMI”), with the aim of improving the profitability of its Smart meters & solutions overseas.

To date, these initiatives have included:

- (1) improving operational efficiency through a review of the regional structure (from four regions to two regions);
- (2) withdrawal from low-margin markets, primarily in Asia;
- (3) optimization of development, manufacturing, and supply chain functions; and
- (4) workforce streamlining through the downsizing of headquarters functions, resulting in a 14% reduction in personnel as of September 30, 2025 compared with March 2024.

In order to further solidify the results of these structural reforms, the Company reviewed the business portfolio of its Smart meters & solutions overseas and, at a board meeting of the Company held today, resolved to withdraw from the “The Middle East and Africa” region—one of its regional segments—effective at the end of FY2025.

While the Middle East and Africa business has a certain market size, it has consistently involved risks such as order volatility due to geopolitical factors and credit risk related to the collection of trade receivables. Accordingly, the Company has carefully assessed the feasibility of continuing operations in the region while implementing selective order-taking, optimizing fixed costs, and establishing a sales structure aligned with local conditions through the use of local agents.

However, in light of the fact that the business has recorded operating losses for three consecutive years and that achieving profitability going forward is deemed difficult, the Company determined—based on its business portfolio evaluation criteria—to withdraw from the region. (From April 2026 onward, the business segments of the Smart meters

& solutions overseas will be “Oceania”, “Europe”, and “Asia”)

As a result of this business withdrawal, the Company will record valuation losses on inventories such as finished goods and work in process for the relevant region that are difficult to repurpose or sell, as well as impairment losses arising from the disposal of non-current assets used to manufacture products for the region.

Accordingly, the Company expects to record a loss on withdrawal from business of 2,040 million yen as an extraordinary loss.

○ Breakdown of Loss on Withdrawal from Business

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

*Converted into Japanese yen using the average exchange rate for the third quarter of the fiscal year ending March 31, 2026.

2. Outlook

The above extraordinary loss is expected to be recorded in the consolidated financial results for the nine months ended December 31, 2025. There is no change to the full-year consolidated financial result forecasts that was disclosed on May 12, 2025.