

FY2025 Q3 Financial Results Presentation

February 3, 2026
OSAKI ELECTRIC CO., LTD.
TSE Prime Market
Code: 6644

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FY2025 Q3 Financial Summary

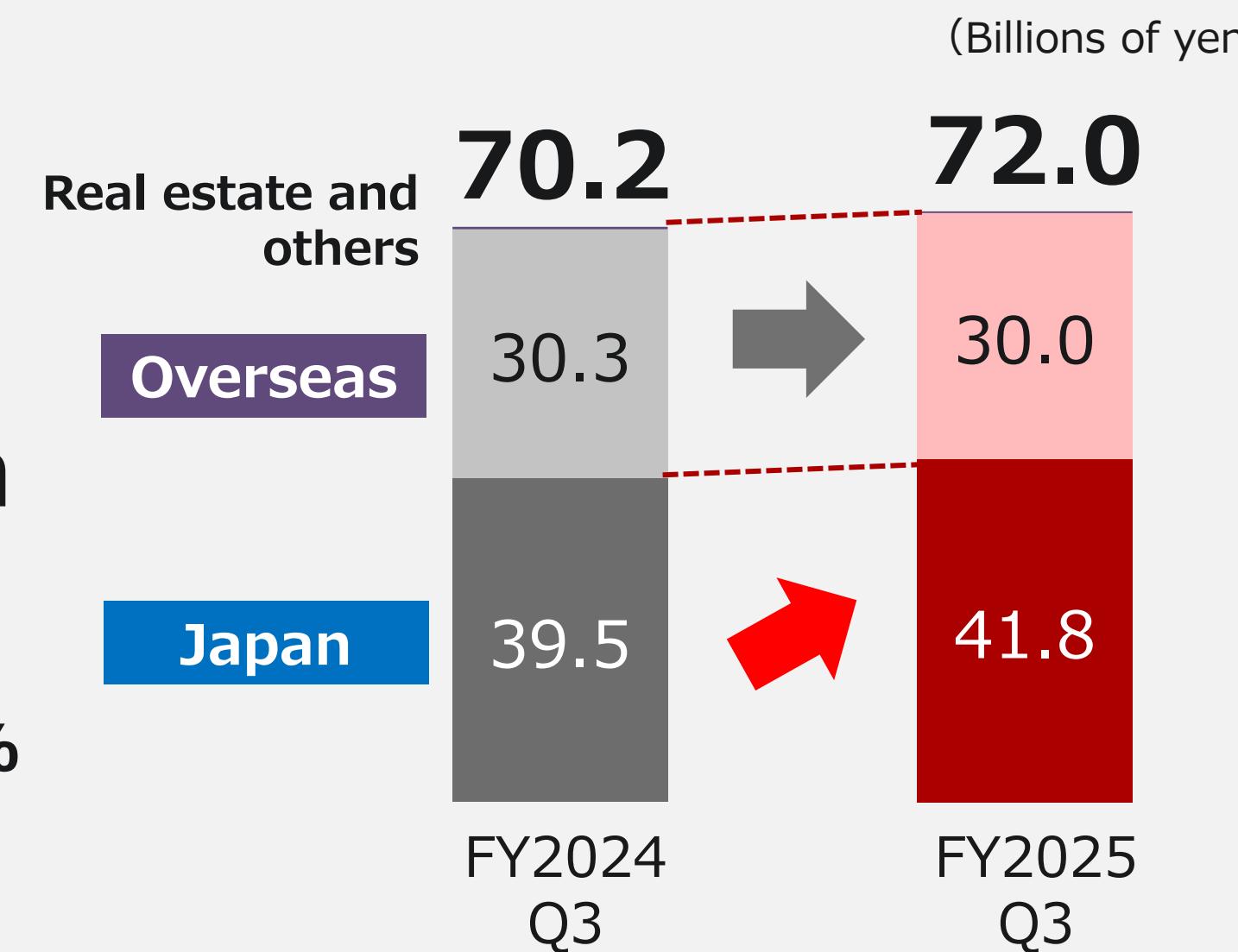
The following descriptions are used throughout this report.

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

Sales (Q3)

Increased

72.0
billion yen
(YoY) **+2.6%**



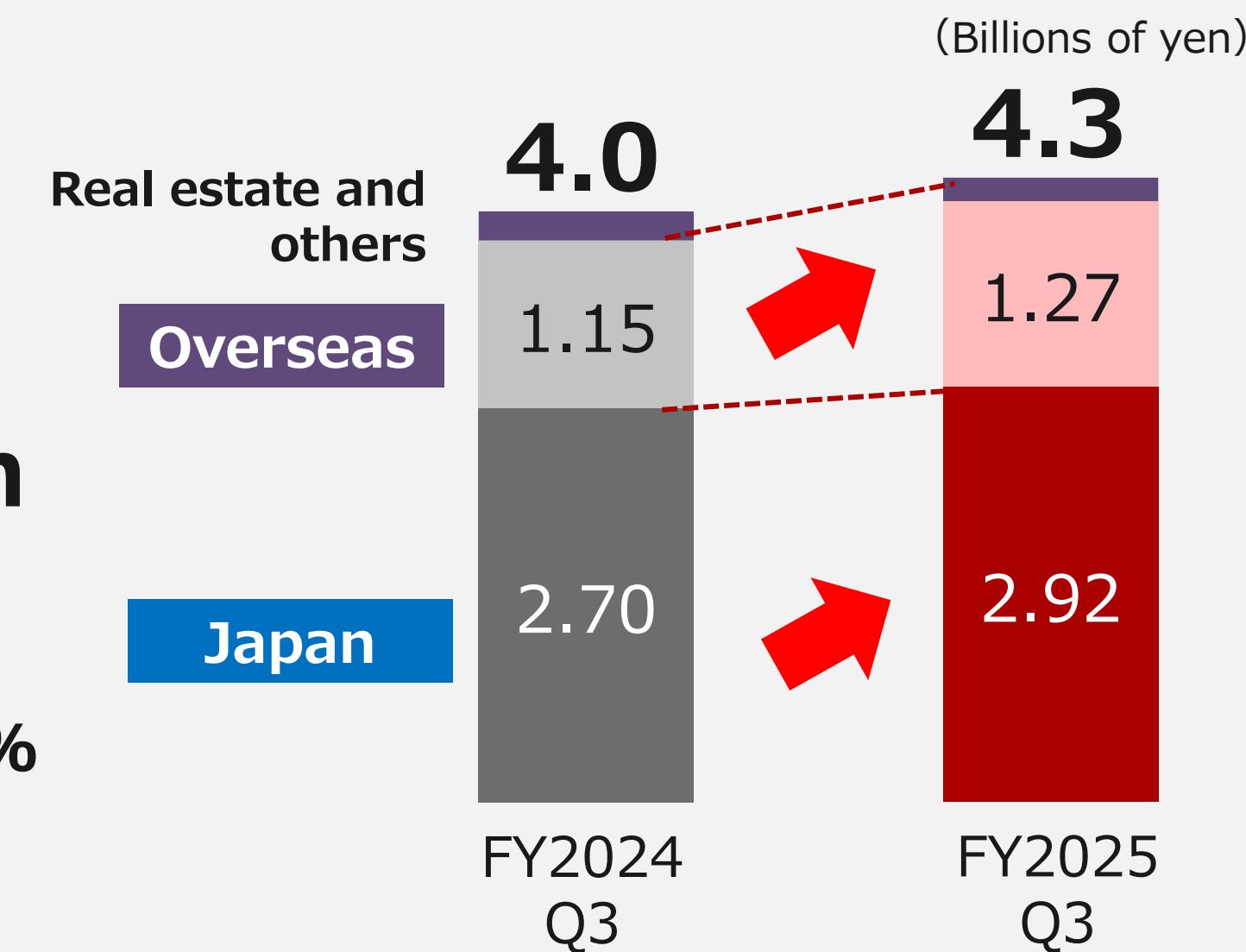
Japan Revenue increased due to steadily capturing demand for current smart meters and shipments of the second-generation smart meters progressing as planned

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%**

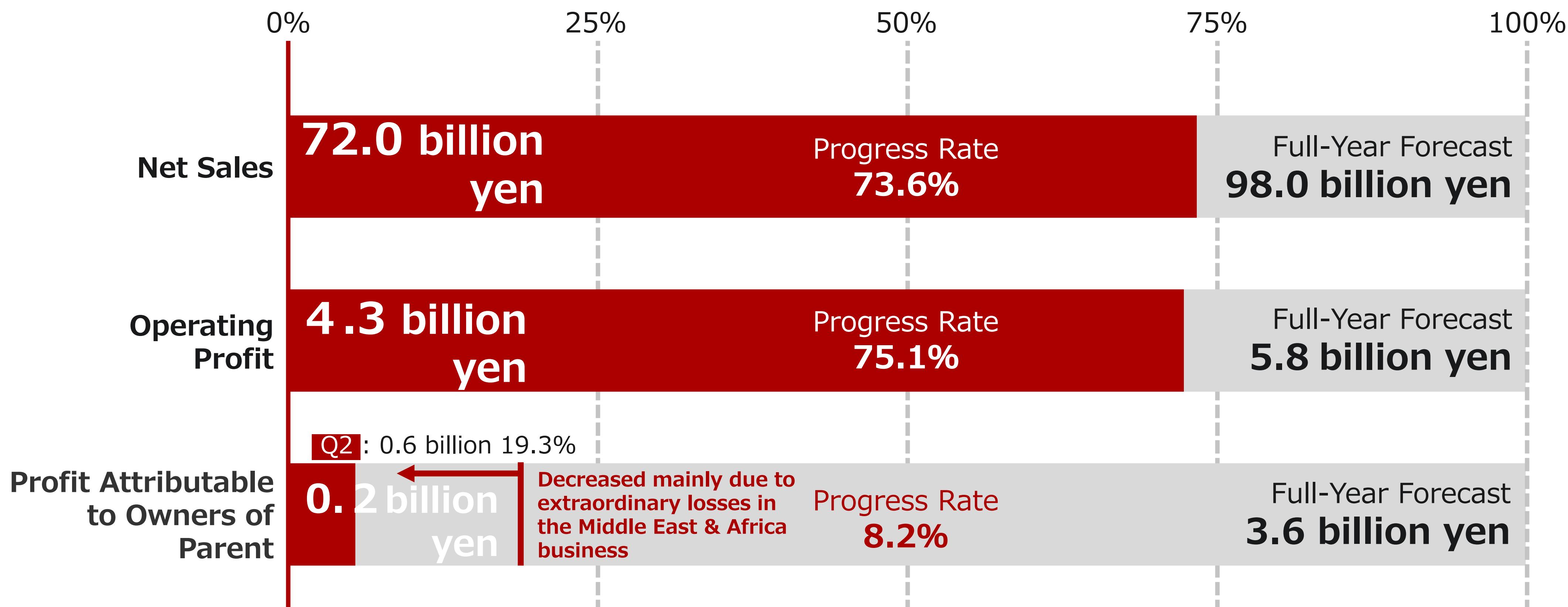


Japan Profit increased mainly due to increased revenue in the smart meter business and improved profit margins in the switchgear business

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 the parent decreased due to the recognition of extraordinary losses associated with the withdrawal from the Middle East & Africa business (Progress rate in Q2: 19.3%)
 - Full-year forecasts not revised due to the status of capital policy initiatives (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 other 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)

	FY2024 Q3 Actual	FY2025 Q3 Actual	YoY Change		(Millions of Yen)
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

Smart meter Business

Increased Sales ▲

- 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

Solution Business

Decreased Sales ▼

- 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

Switchgear Business

Decreased Sales ▼

- 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) (Progress Rate)
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

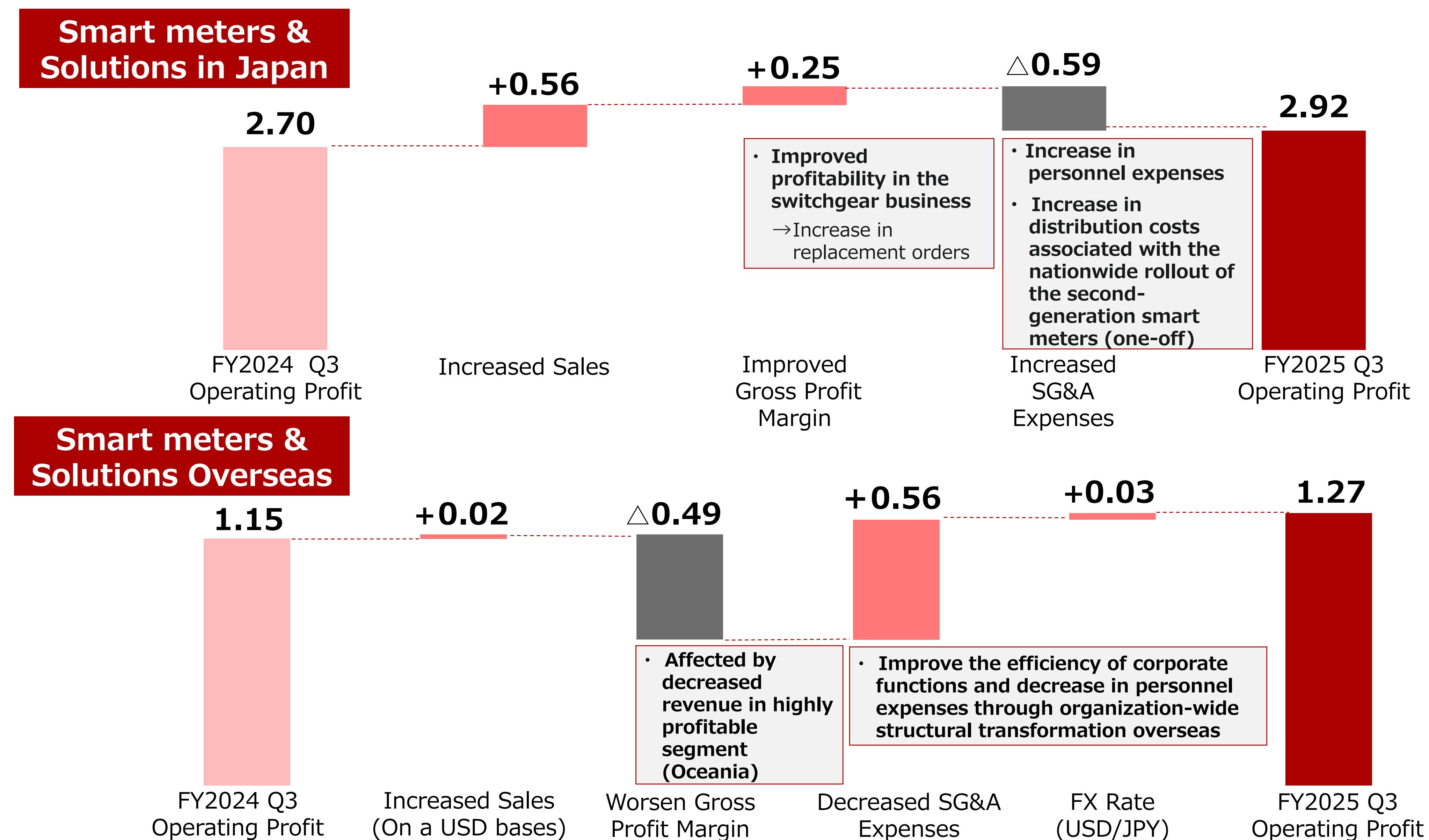
Smart meters & solutions overseas

Oceania	Decreased Sales▼	• Revenue decreased year on year due to a decline in shipments caused by continued inventory adjustments by customers in Australia
Europe	Increased Sales ▲	• Revenue increased year on year due to higher shipments associated with the UK government-led "Smart Meter Project"
Asia	Decreased Sales▼	• 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	Increased Sales ▲	• 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) (Progress Rate)
Smart meters & solutions overseas	30,320	30,011	△309	△1.0%	40,000 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)

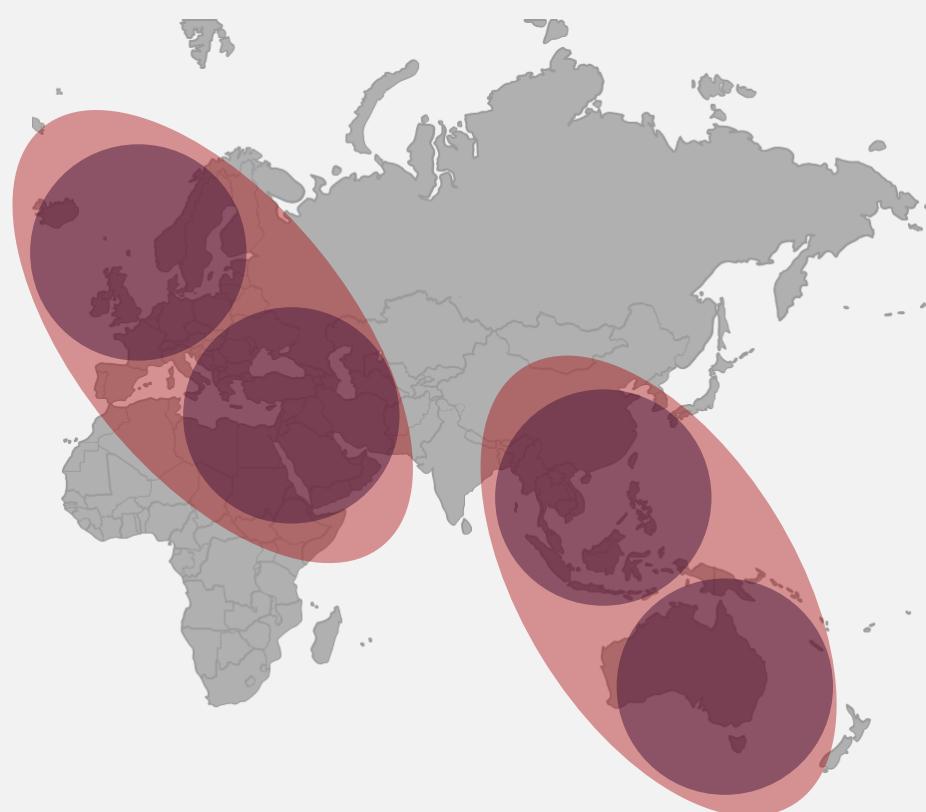


7. Recognition of Extraordinary Losses Associated with the withdrawal from the Middle East & Africa Business

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

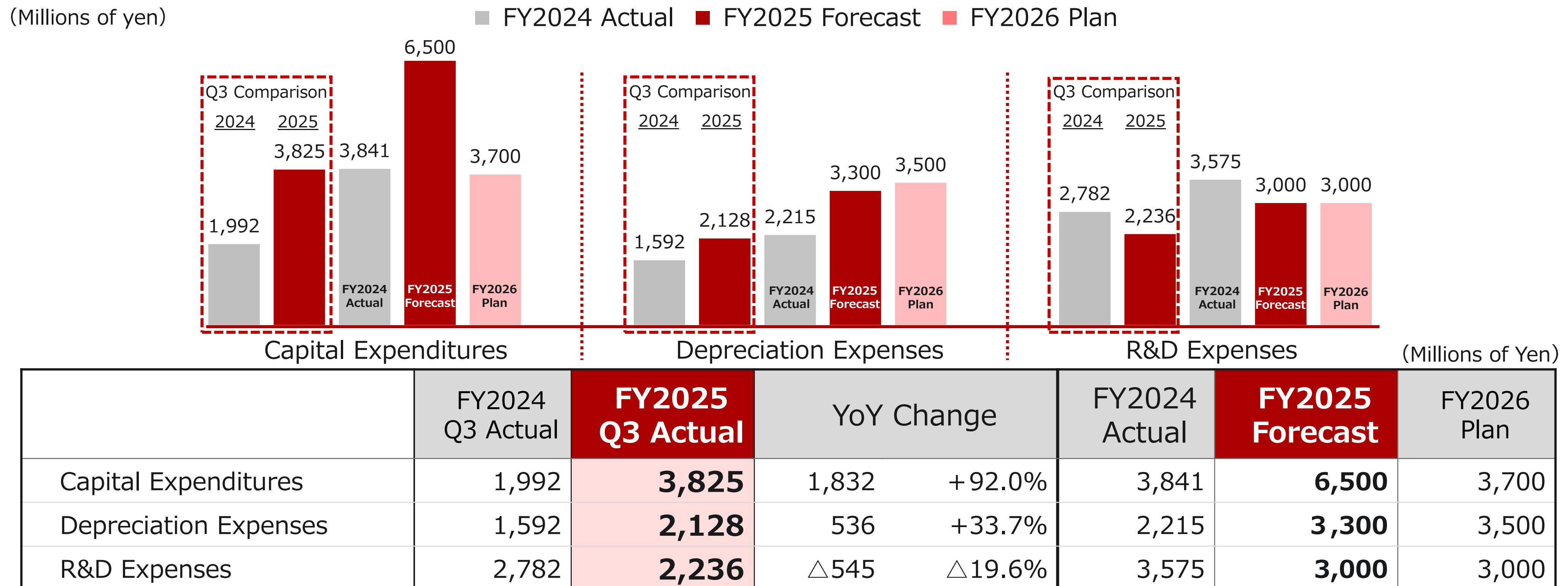
- A loss on valuation of inventories, including products and work in process for the regions that could no longer be repurposed or sold
- A loss on retirement of non-current assets used to manufacture products for these regions

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

8. Capital Expenditures, Depreciation and R&D



<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

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
Current assets	59,547	50,792	△8,754	Accounts receivable	△931
Non-current assets	40,966	41,907	940	Inventories	△3,926
Total liabilities	37,170	30,728	△6,441	Trade payable	△1,841
Current liabilities	29,240	23,610	△5,629	Loans	△2,842
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】

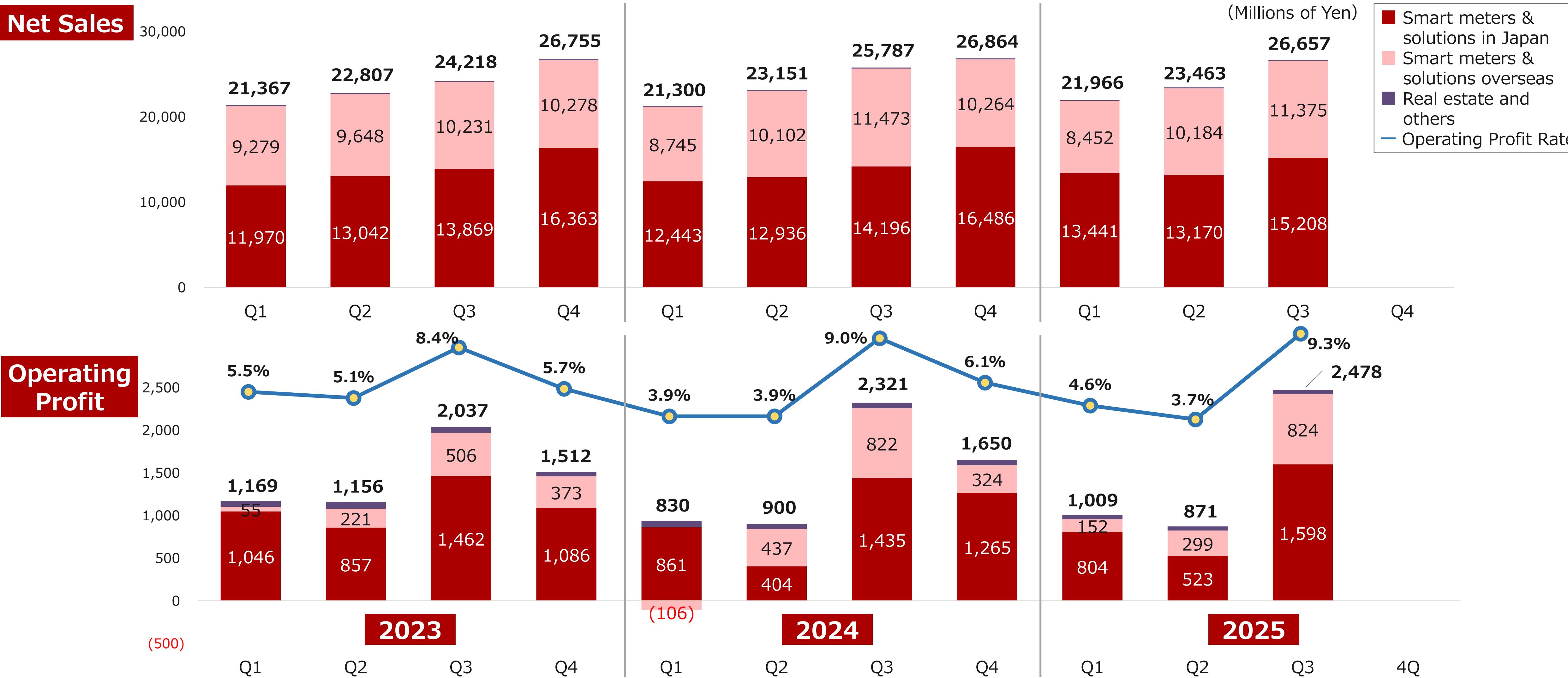
- Loans decreased due to repayment of foreign currency borrowing for group finance

【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”

10. Quarterly Net sales and Operating Profit Trends



Both net sales and operating profit were strongly affected by our customers' trend in capital expenditures

(Net Sales) Customers' capital investment is becoming more active toward the end of the fiscal year. Accompanying this increase in shipments tends to increase net sales
 (Operating Profit) SG&A expenses and costs tend to increase in Q2 and Q4

11. 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: 1 property
- Gain on sale: 940 million yen
(already disclosed on January 31, 2025)

Currently proceeding with our activity to sell the remaining real estate properties to be sold during the period covered by the Mid-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

<Shareholder returns initiatives to date>

- Higher dividends by the revision of dividend policy (DOE of 2% to 3%)
 - Annual dividends forecast per share: 35 yen (+13 yen compared to FY2024)
- Repurchased treasury shares (From August 2024 to August 2025)
 - Partially retired the repurchased shares (in September 2025)

2

FY2025 Financial Forecast

1. FY2025 Financial Forecast

Against the
initial forecast

OSAKI

- While the full-year forecast remained unchanged at the end of Q3, we partially revised the Japan vs overseas breakdown of operating profit

[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

	FY2024 Actual	FY2025 Initial Forecast	FY2025 Forecast	Against the Initial Forecast (The breakdown of operating profit has been partially revised)	(Millions of Yen)
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	—	—

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		

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

Net Sales

FY2024		FY2025			(Millions of Yen)
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

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

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

▼ Non-utility Meter*



▼ Energy Management Service



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

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

FY2024	FY2025				(Millions of Yen)
	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

FY2024	FY2025				(Millions of Yen)
	Q3 Actual	Q3 Actual	Full-Year Initial Forecast	Full-Year Forecast	
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. Market Presence in Oceania

Smart Meters in Operation in the Oceania Region Have Exceeded 5 Million Units

- Our subsidiary EDMI has surpassed a cumulative total of 5 million smart meters operating via its data management system in Oceania
- EDMI-manufactured smart meters account for approximately 70% of those installed in New Zealand and the five eastern states of Australia
- Building on our strong market share in Oceania, we aim for further business growth by capturing future market expansion opportunities

Entered Long-Term Sales Agreement with Multiple Customers in Oceania

- 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】

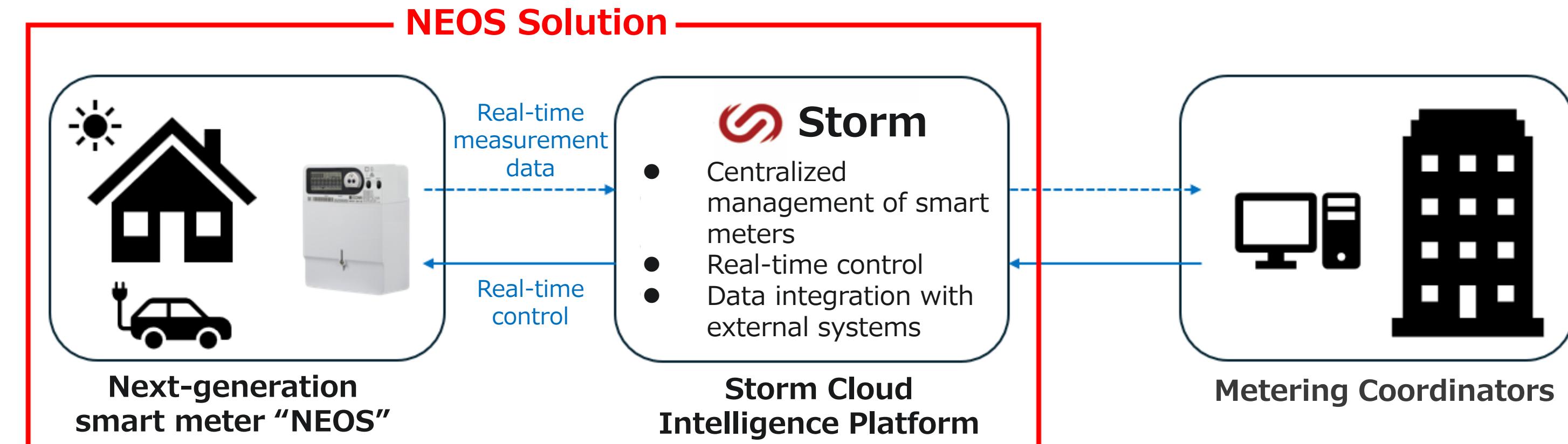
- ① Orders : Over 55 billion yen (five-years from FY2026)
- ② Order Details : Provision of EDMI-manufactured smart meters and electricity measurement, monitoring, and control solutions

*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

【Product Features】

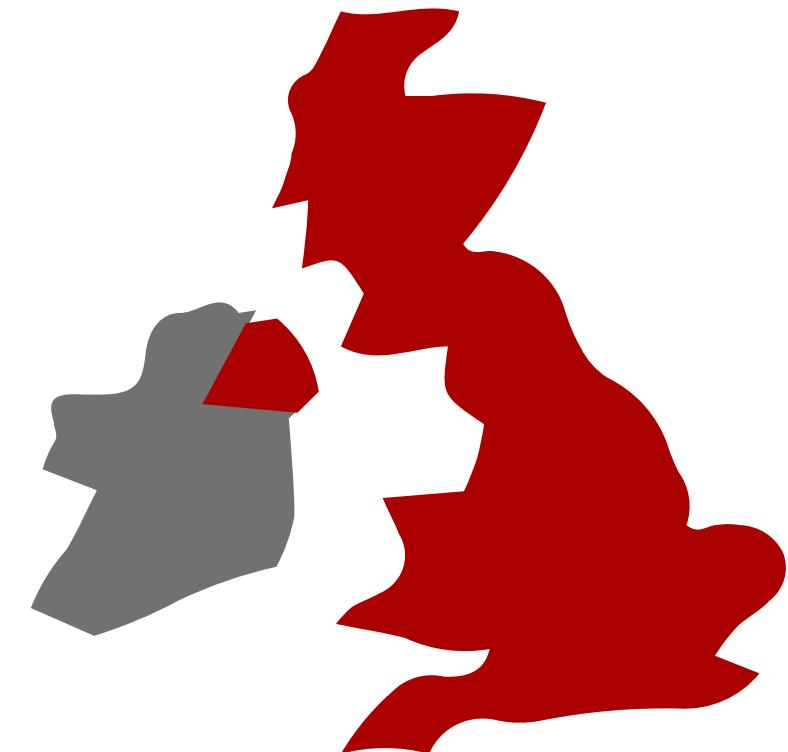
- ① Support high-frequency and high-precision measurement
- ② Enable real-time monitoring
- ③ Enable rapid and autonomous control



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

Net Sales

FY2024	FY2025				(Millions of Yen)
	Q3 Actual	Q3 Actual	Full-Year Initial Forecast	Full-Year Forecast	
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%	

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)

- 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

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 increased sales of industrial meters and the revision of the assumed exchange rate to a weaker yen

Full-Year Forecast (Against the Initial Forecast)

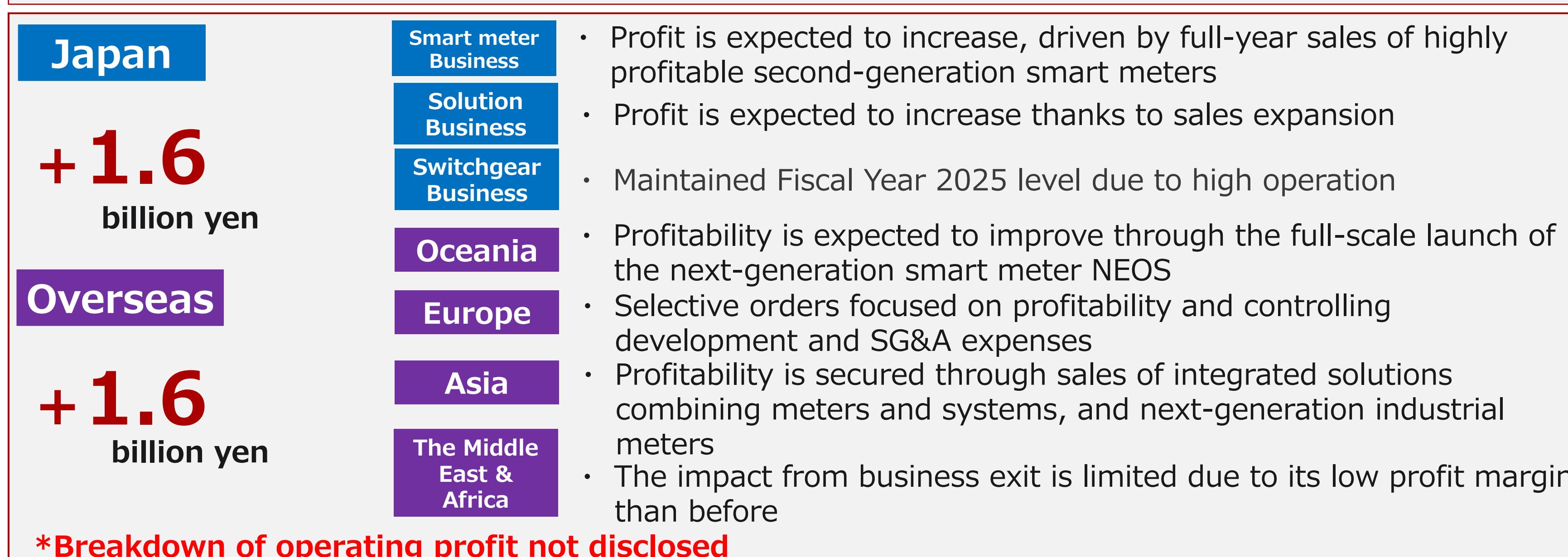
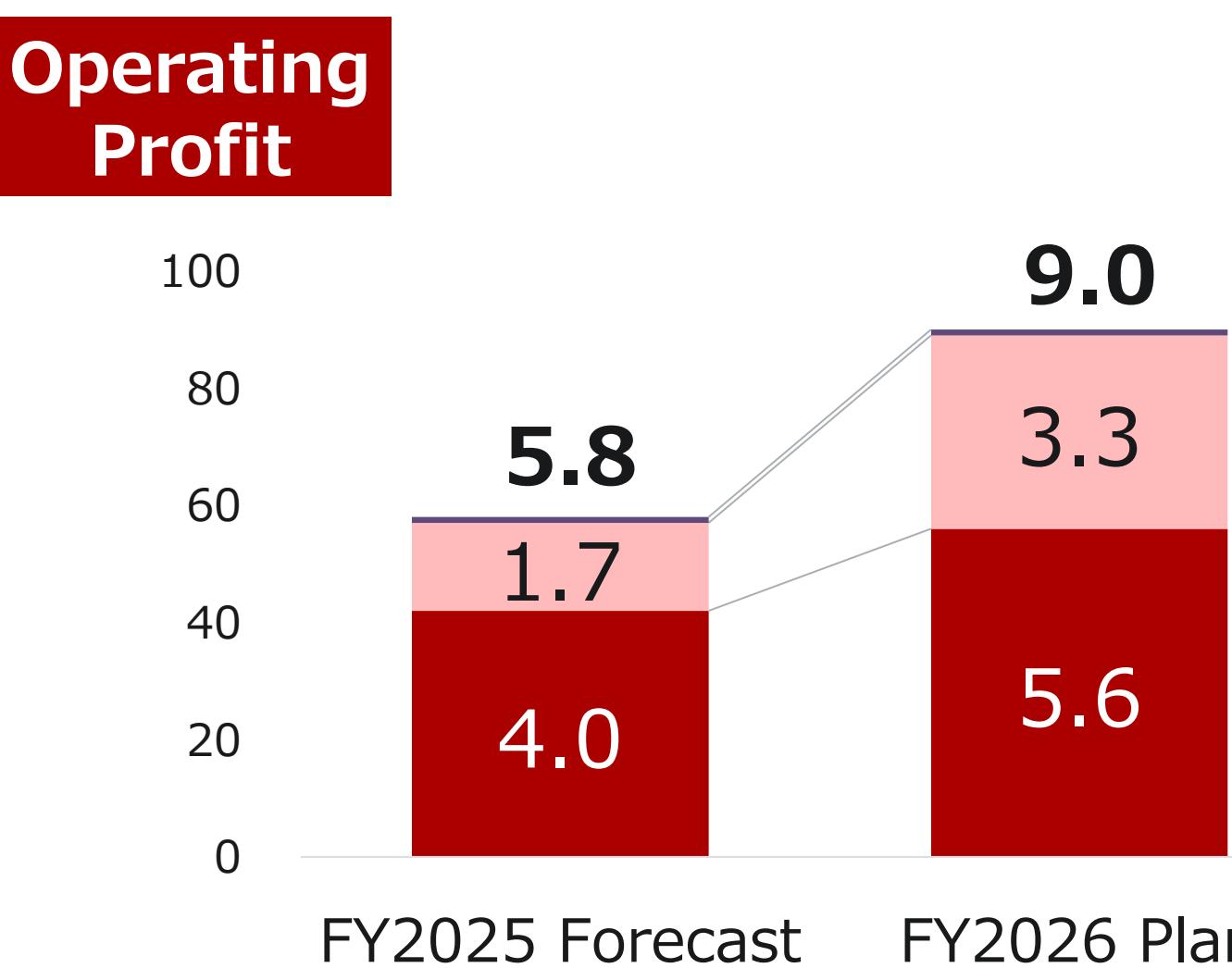
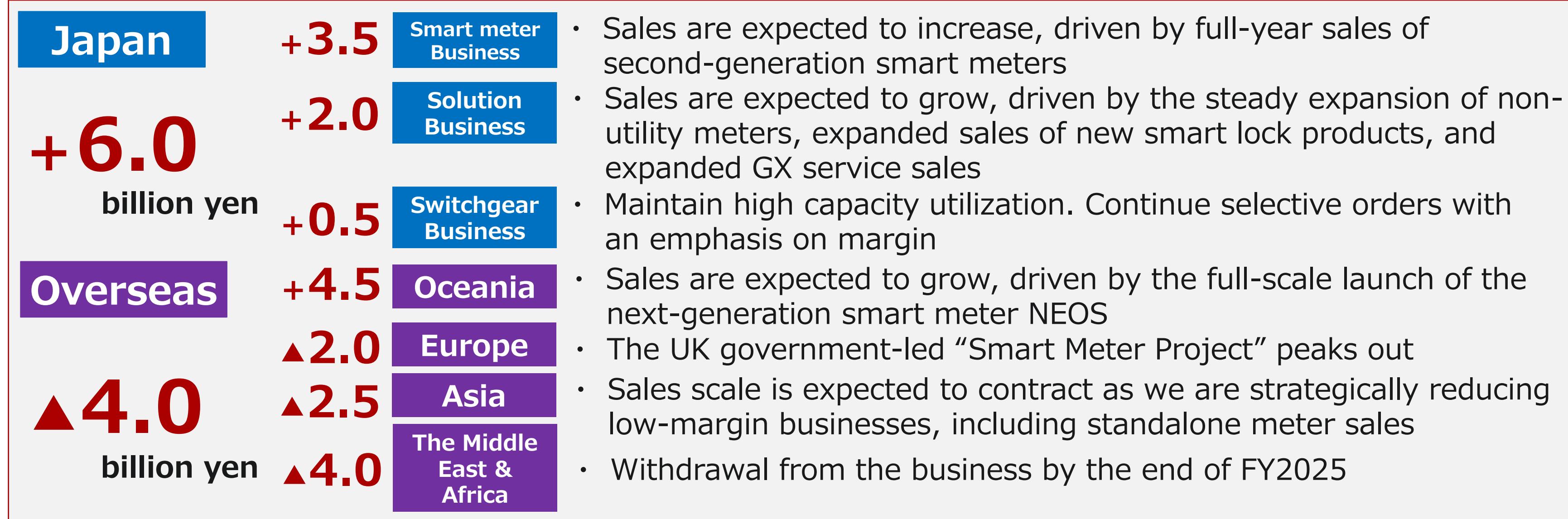
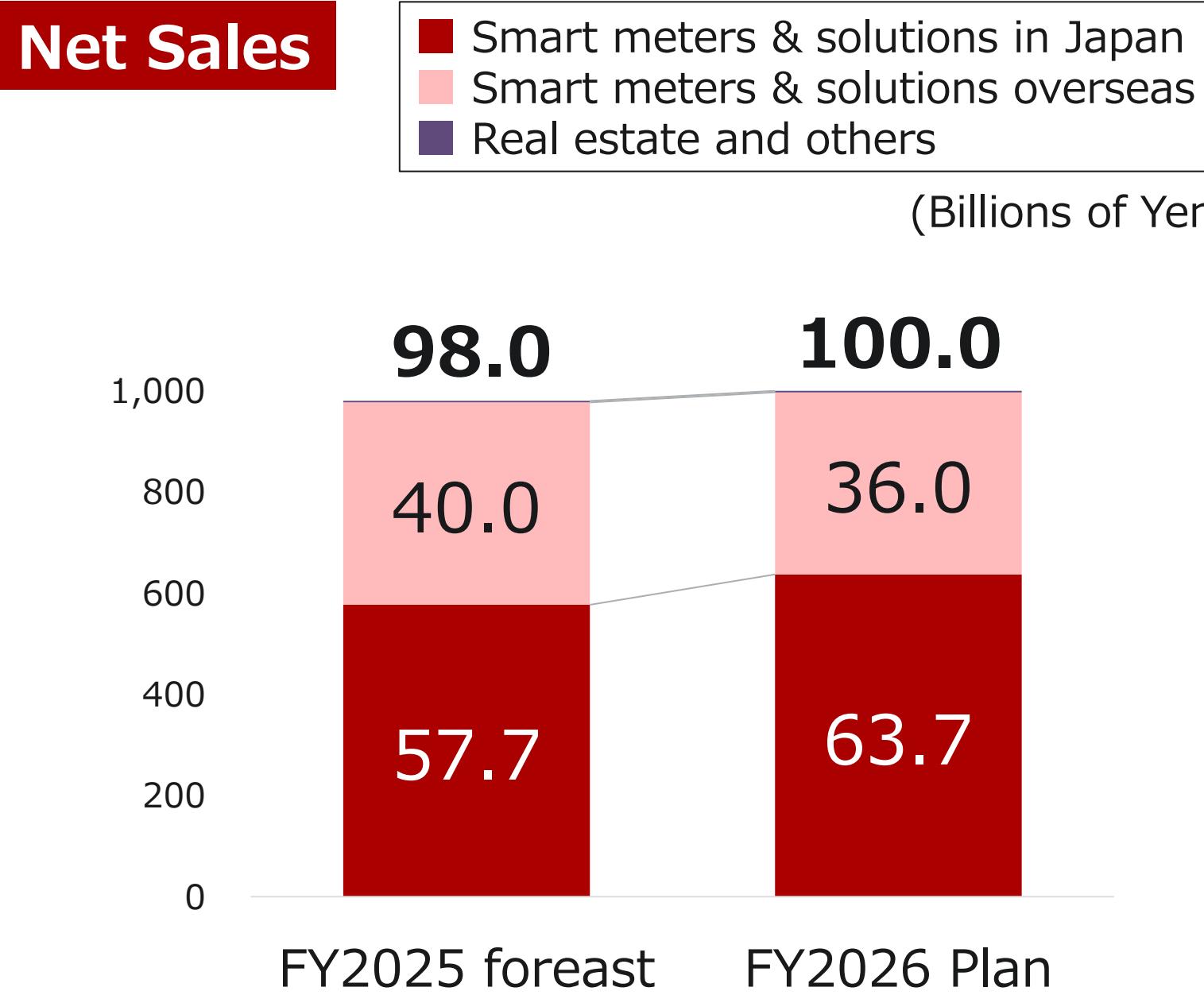
Expecting to exceed the initial forecast

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

3

FY2026 Targets (No Revision)

1. FY2026 Targets (No Revision)



2. Mid-term Management Plan Financial Targets

		FY2024	FY2025	FY2026	(Billions of yen)
		Actual	Revised Plan (November 4)	Plan	
Net Sales	Smart meters & solutions in Japan	56.1	57.7	63.7	
	Smat 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%	7.0%	10.0%	

- At the time of formulation of the medium-term management plan
- FY2025 initial forecast
- FY2025 Average FX Rate

130 yen /USD
140 yen /USD
149 yen /USD

*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)

(Appendix)

For a Better Understanding of Our Company

1. 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

▼ Second-generation smart meter



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

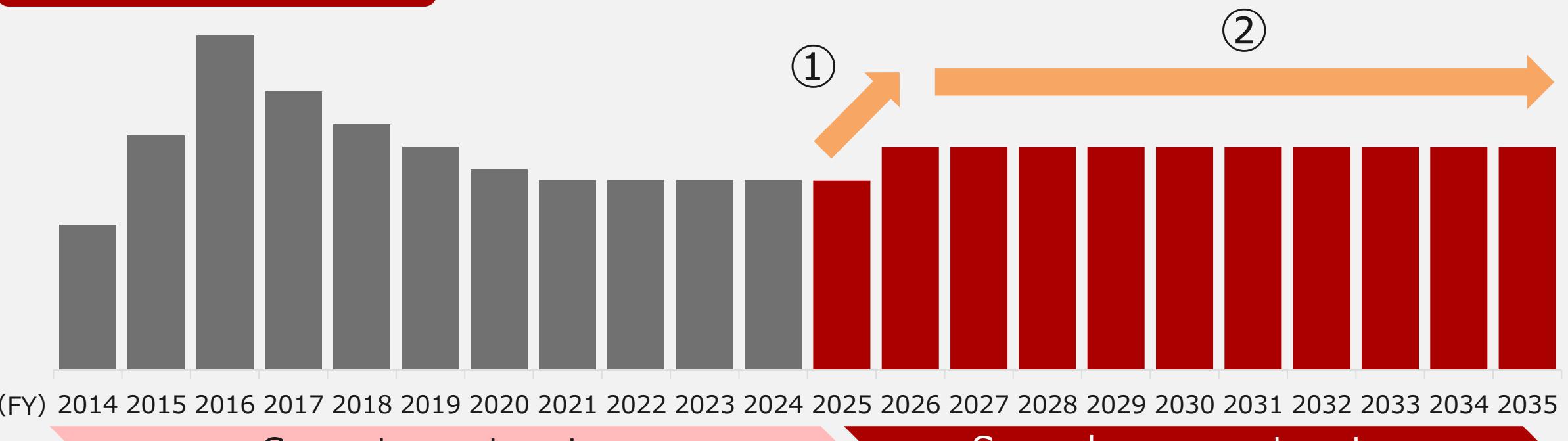
- Improves convenience through multiple communication methods
 - Provides diverse service to customers
 - Encourages energy savings by visualizing power consumption

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)

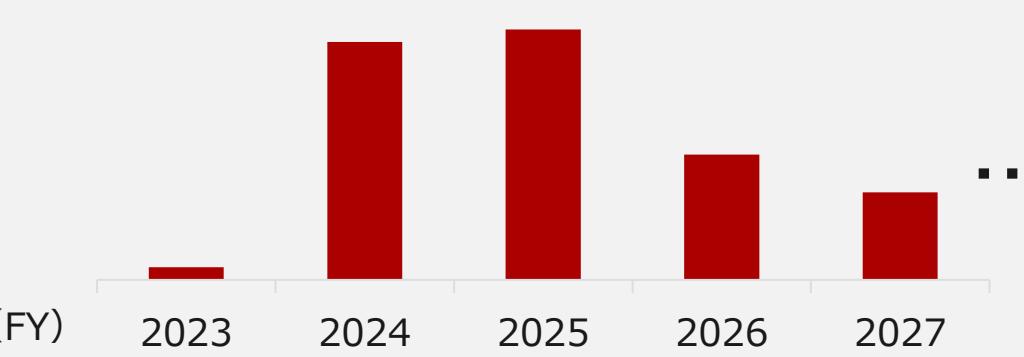
Outlook

Sales Volume Trend



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

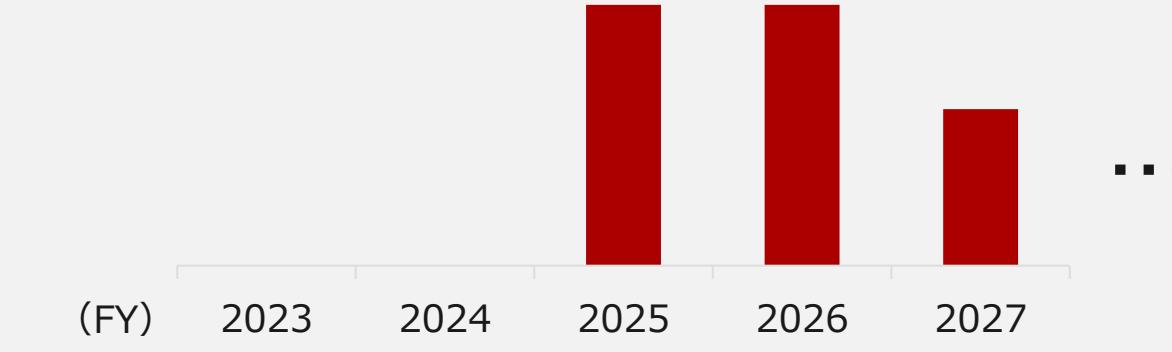
Capital Expenditures up to FY2027 (Second-generation smart meters only)



*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))

2. 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

Our Strategy

- We will start the full-scale launch of the next-generation smart meter NEOS from FY2026. Improved profitability is expected

<Features of “NEOS”>

- In addition to high-function, high-value-added products and services that reflect customer needs, greater profitability is expected through a fundamental review of the meter's hardware structure
- Smart meter sales volume in Oceania in FY2026, approx. half is expected to consist of NEOS (Production will begin in January 2026, with a full-scale market launch starting in April)

UK

Market Outlook

- Given the current installation status, the UK government-led “Smart Meter Project” is expected to continue through FY2027
- Installation volumes are expected to peak in FY2025 and slow down from FY2026 onward. After the project concludes in FY2027, stable replacement demand is expected

Our Strategy

- As the “Smart Meter Project” peaks out, some competitors are exiting the market. We aim to capture survivor benefits by focusing primarily on replacement demand
- We aim to maximize profits through prioritizing profitable orders and reducing costs

Asia

Market Outlook

- Installation of electricity meters is expected to increase, driven by population growth and the progress of electrification

Our Strategy

- We aim to improve profit margins by expanding sales of integrated solutions combining smart meters and systems, and industrial meters
- Promotional activities for next-generation industrial meters will begin in FY2026

3. 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

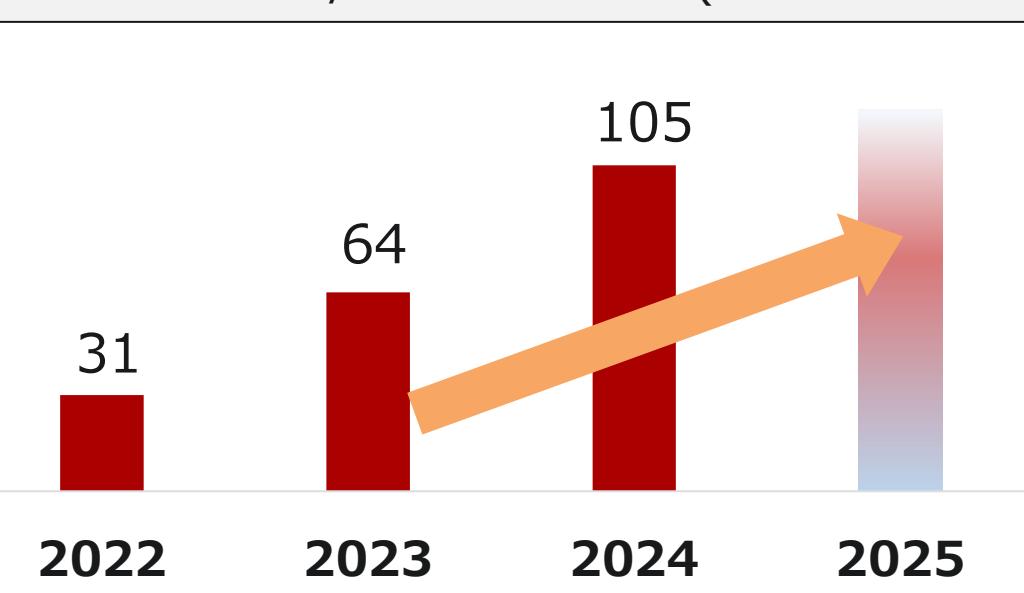
Semi-annual (twice a year)

→ **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

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

For more information on P.14

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
【Mid- to Long-term】 Utility Volatility from Economic Downturn and Oil Prices	[R] Reduced investment in smart meters and related areas	<ul style="list-style-type: none"> • Early identification of information and countermeasure planning through strong customer communication • Expansion of the Solution Business
【Mid- to Long-term】 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	<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
【Mid- to Long-term】 Decline in Japan's Working-Age Population	[O] Growing demand for labor-saving solutions [R] Increase in personnel expenses (personnel expenses for full-time employees and expenses for external resources)	<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
【Mid- to Long-term】 Global Increase in Electrification Rates	[O] Growing demand for smart meters and renewal of transmission/distribution infrastructure	<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~



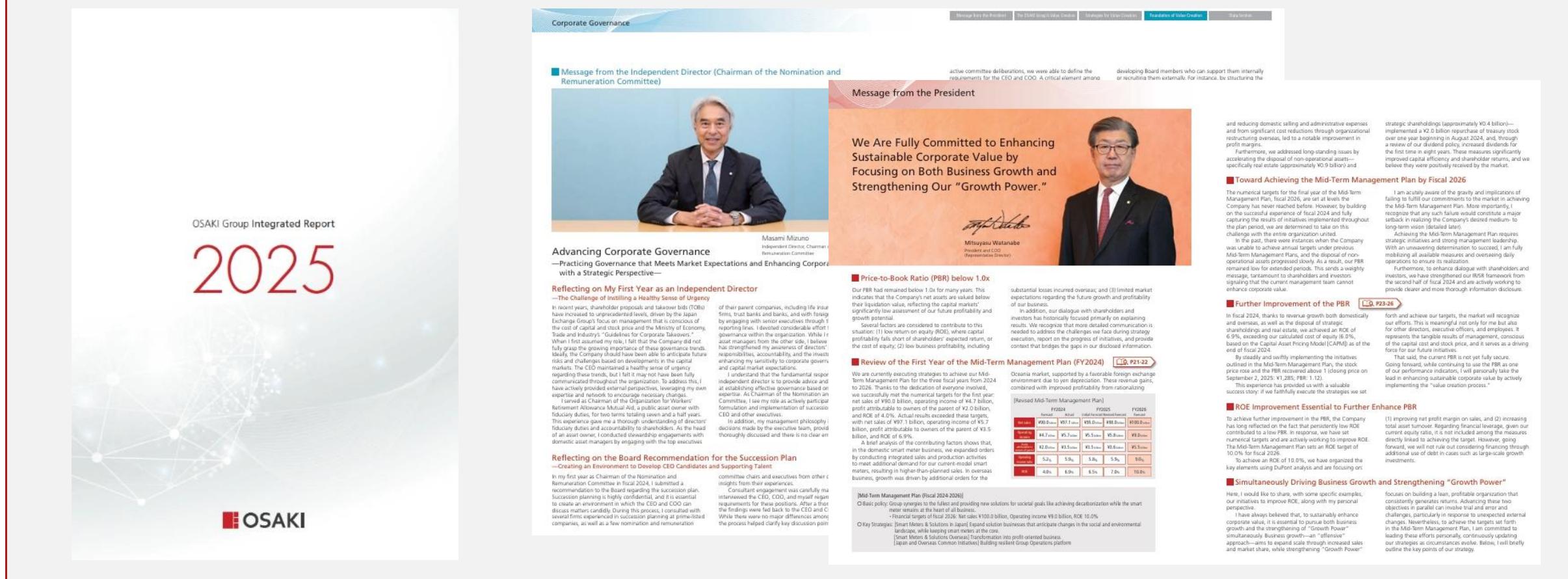
Sponsored Research

This sponsored research has been prepared with the aim of providing a more detailed understanding of our company

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





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

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