

FY2025 Financial Results

May 12, 2026

OSAKI ELECTRIC CO., LTD.

TSE Prime Market

Code: 6644

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- 2 FY2026 Financial Forecast**
- 3 Medium-Term Growth Strategy**

(Appendix is provided at the end of this document)

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FY2025 Financial Summary

The following descriptions are used throughout this report.

First Half	=	H1 (Q2)
Third Quarter	=	Q3
Full-Year	=	FY
Revision of Financial Targets in the Mid-Term Management Plan (Announced on May 12, 2025)	=	Mid-Term Management Plan

1. FY2025 Financial Highlights

Achieved Targets in the Second Year of the Mid-Term Management Plan

- **Exceeded all targets**

(Sales, operating profit, profit attribute to owners of parent, ROE)

- **Achieved the FY2026 Mid-Term Management Plan targets (net sales) one year ahead of schedule**

- Net sales reached 100 billion yen for the first time since listing

Execution of Capital Policy (Reduction of Non-Operational Assets)

- **Completed the real estate sale plan during the current Mid-Term Management Plan period**

Target: Sell approximately 70% of book value (approximately 3.0 billion yen) (*Based on book value as of May 2024)

Actual: Cumulative sales of 2.95 billion yen (*Cumulative from FY2024)

- **Promote the reduction of strategic shareholdings**

Target: 30% reduction (*Based on strategic shareholdings as of March 2024) (approximately 2.0 billion yen)

Actual: Cumulative reduction of 1.21 billion yen (Progress rate: approximately 60%) (*Cumulative from FY2024)

Strengthening Shareholder Returns

- **The cash generated through the capital policy was preferentially allocated to growth investments and shareholder returns**

<Shareholder returns for FY2025>

Dividend	H2	FY	Annual	(Yen)
Ordinary dividend	17	22	39	
Special dividend	-	10	10	
Total	17	32	49	

▶ **Forecast to increase the dividend by a further 4 yen per share compared with the revised forecast announced in February 2026**

- Share buyback (January, 2026 to September, 2026) 2.5 B JPY (Up to 1.5 million shares)
- TSR: 294.6% (previous fiscal year: 169.7%)

	Mid-Term Management Plan (FY2025)	FY2025 Actual
Sales	98.0 B JPY	100.9 B JPY
Operating profit	(5.9%) 5.8 B JPY	(6.5%) 6.5 B JPY
Net profit	3.6 B JPY	5.8 B JPY
ROE	7.0%	10.6%

Point

Net sales: Expanded sales of second-generation smart meters and sales growth in overseas markets excluding Oceania contributed

Operating profit: Exceeded the plan and increased year on year due to higher sales and improved profitability in the smart meter business in Japan, along with the execution of organizational restructuring overseas

Extraordinary gains: Recorded gains on the sale of non-operational assets, among other factors (6.8 billion yen)

Extraordinary losses: Recorded business restructuring expenses overseas, among other factors (2.6 billion yen)

2. FY2025 Consolidated Financial Results

YoY

Increased Sales and Profit



- 【Sales】**
 - Japan** Revenue increased due to sales of the second-generation smart meters progressing as planned and other factors
 - Overseas** Revenue increased mainly due to higher shipments associated with the UK government-led “Smart Meter Project” and 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, improved profitability, 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 temporary sales contribution in the Middle East & Africa and reduced SG&A expenses through organization-wide structural transformation, offsetting reduced revenue in Oceania (*The withdrawal from the Middle East & Africa business is outlined on P.9)

	FY2024 Actual	FY2025 Actual		YoY Change		(Million Yen)
Net sales	97,102	100,900		3,797	+3.9%	
Smart meters & solutions in Japan	56,084	59,732		3,647	+6.5%	
Smart meters & solutions overseas	41,719	41,566		△153	△0.4%	
Real estate	561	435		△125	△22.4%	
Adjustment	△1,263	△ 833		429	—	
Operating profit (Rate)	5,701 (5.9%)	6,526 (6.5%)		825	+14.5%	
Smart meters & solutions in Japan	3,965	4,676		710	+17.9%	
Smart meters & solutions overseas	1,477	1,743		265	+17.9%	
Real estate	270	103		△166	△61.5%	
Adjustment	△12	3		15	—	
Ordinary profit (Rate)	5,386 (5.5%)	6,567 (6.5%)		1,180	+21.9%	
Extraordinary gains and losses	1,003	4,222		3,219	+321.0%	
Profit attributable to owners of parent (Rate)	3,504 (3.6%)	5,777 (5.7%)		2,273	+64.9%	

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 the first-generation smart meters, while sales of the second-generation smart meters also progressed as planned
- VCTs (voltage and current transformers for high-voltage meters) saw solid new and replacement demand. We captured increased demand, contributing to higher net sales.

Solution Business

Decreased Sales ▼

- Non-utility meters* revenue decreased due to sluggish sales impacted by market conditions
- GX services experienced an increase in revenue through new customer acquisitions and expanded sales of energy management services to existing customers
- Smart lock revenue declined 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 to FY2026, among other factors

	FY2024 Actual	FY2025 Actual	YoY Change	
Smart meters & solutions in Japan	56,061	59,707	3,645	+6.5%
Smart meter business	34,892	40,274	5,381	+15.4%
Solution business	12,934	11,379	△1,555	△12.0%
Switchgear business	8,234	8,053	△180	△2.2%

(Million Yen)

Figures after consolidation adjustments

4. Overseas Net Sales by Region [Full-Year]

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 (UK)

Increased Sales ▲

- Revenue increased year on year due to higher shipments associated with the UK government-led “Smart Meter Project”

Asia

Increased 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 from the existing and specific customers

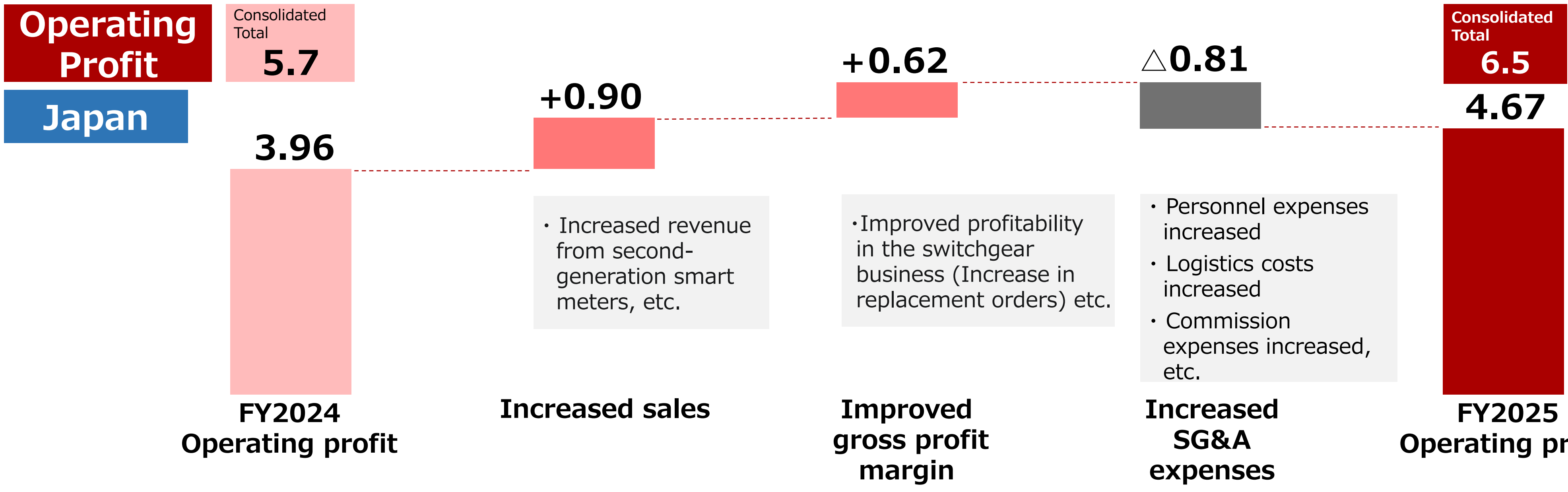
	FY2024 Actual	FY2025 Actual	YoY Change	
Smart meters & solutions overseas	40,584	40,862	278	+0.7%
Oceania	21,147	15,880	△5,267	△24.9%
Europe	13,451	15,342	1,891	+14.1%
Asia	4,693	4,846	153	+3.3%
The Middle East & Africa	1,292	4,793	3,501	+271.0%
Average FX Rate (JPY/USD)	151.69	149.61		

(Million Yen)

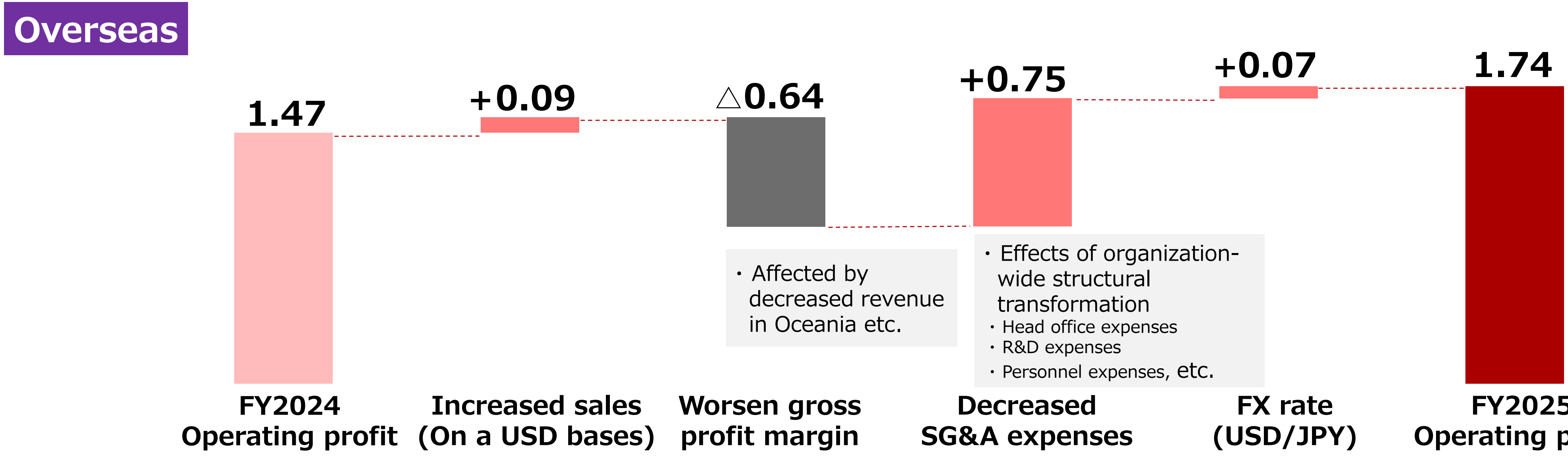
Figures after consolidation adjustments

5. Operating Profit Variance Analysis

(Billion yen)



*"Consolidated total" includes operating profit from the real estate business
 FY2024: 0.27 billion yen
 FY2025: 0.1 billion yen



6. Major Factors behind Extraordinary Gains or Losses

Japan

Reduction of Non-Operational Assets

Overseas

Business Restructuring

Extraordinary Gains

Reduction of Non-Operational Assets

- **Sale of real estate (Executed in March 2026)**
 - Recorded extraordinary gains of 6.15 billion yen as gain on sale of fixed assets associated with the transfer of real estate held by a consolidated subsidiary
- **Reducing strategic shareholdings (FY2025 actual)**

	Amount
Reduced amount	*0.75
Gain on sale	0.69

(Billion yen)

*Based on market value as of the end of March 2024

Extraordinary Losses

Business Restructuring

- **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)
 - Recorded a loss on withdrawal from business (impairment loss) of **2.06 billion yen as extraordinary losses**

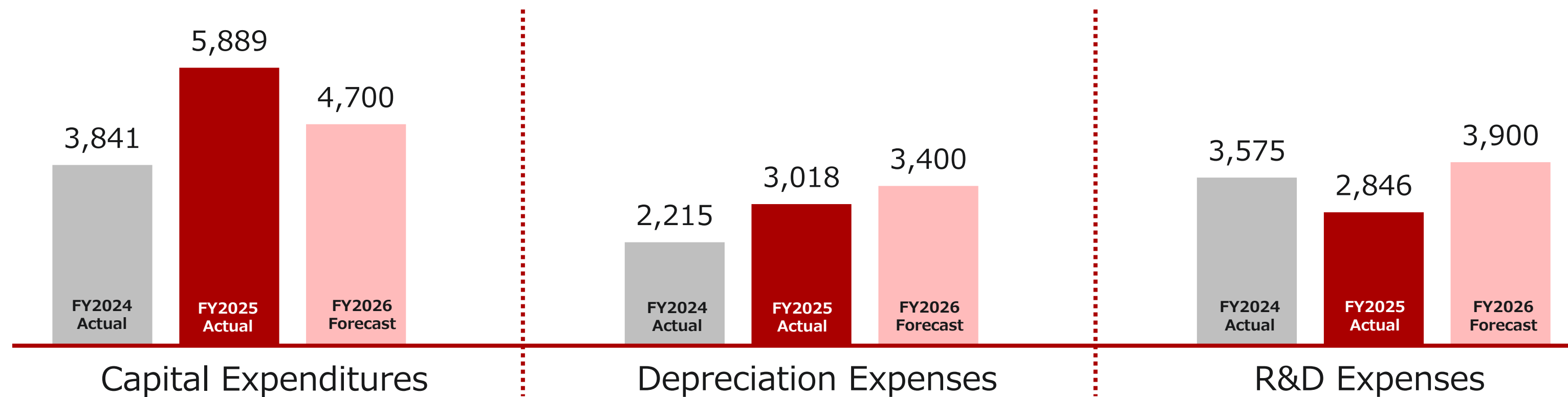
(Billion yen)

Item	Amount
Loss on valuation of inventories	1.98
Impairment losses	0.04
Provision of allowance for doubtful accounts	0.03
Total	2.06

- **Workforce optimization through streamlining of head office functions at EDM I (a subsidiary responsible for overseas operations)**
 - Personnel reduction by 16% as of the end of December 2025 (compared to December 2023)
 - Recorded business restructuring expenses of **0.55 billion yen as extraordinary losses**

7. Capital Expenditures, Depreciation and R&D

(Million yen)



	FY2024 Actual	FY2025 Actual	YoY Change		FY2026 Forecast
Capital expenditures	3,841	5,889	2,048	+ 53.3%	4,700
Depreciation expenses	2,215	3,018	802	+ 36.2%	3,400
R&D expenses	3,575	2,846	△729	△20.4%	3,900

<FY2025 Actual>

- **Capital expenditures**
Capital expenditures for second-generation smart meters peaked in FY2025. In FY2026, growth investments are expected, including in the storage battery-related business
- **Depreciation expenses**
Further increase in depreciation expenses (especially for molds), driven by the commencement of full-scale 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 in FY2025 due to the streamlining of the R&D structure through organizational restructuring overseas in FY2025. In FY2026, development investments are expected in connection with the evaluation of entry into the U.S. market, among other initiatives (Accelerating Evaluation of Entry into the U.S. is outlined on p.29)

8. Balance Sheet・Statement of Cash Flows

Balance Sheet

【Assets】

- Cash increased due to the sale of real estate
- Inventories decreased as our overseas inventory reduction project delivered results

【Liabilities】

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

	End of FY2024	End of FY2025	YoY Change	Key factors behind the increase/ decrease
Total assets	100,513	99,821	△692	Cash +4,368 Accounts receivable +1,768 Inventories △6,670 Property, plant and equipment △310
Current assets	59,547	58,786	△760	
Non-current assets	40,966	41,034	68	
Total liabilities	37,170	30,986	△6,183	Trade payable △1,237 Loans △6,460
Current liabilities	29,240	23,610	△5,629	
Non-current liabilities	7,930	7,376	△554	
Total net assets	63,343	68,834	5,490	
Equity	52,151	56,791	4,639	
Non-controlling interests	10,724	11,576	851	
Other	466	466	—	

Capital adequacy ratio	51.9%	56.9%	+ 5.0pt
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Statement of Cash Flows

【Cash flows from operating activities】

- Increased due to a decrease in inventories

【Cash flows from investing activities】

- Increased due to the sale of real estate

【Cash flows from financing activities】

- Decreased due to the repayment of borrowings

(Million Yen)

	End of FY2024	End of FY2025
Cash flows from operating activities	6,889	8,862
Cash flows from investing activities	△1,229	4,828
Cash flows from financing activities	△3,028	△ 5,828
Free cash flow	5,659	13,690

(Million Yen)

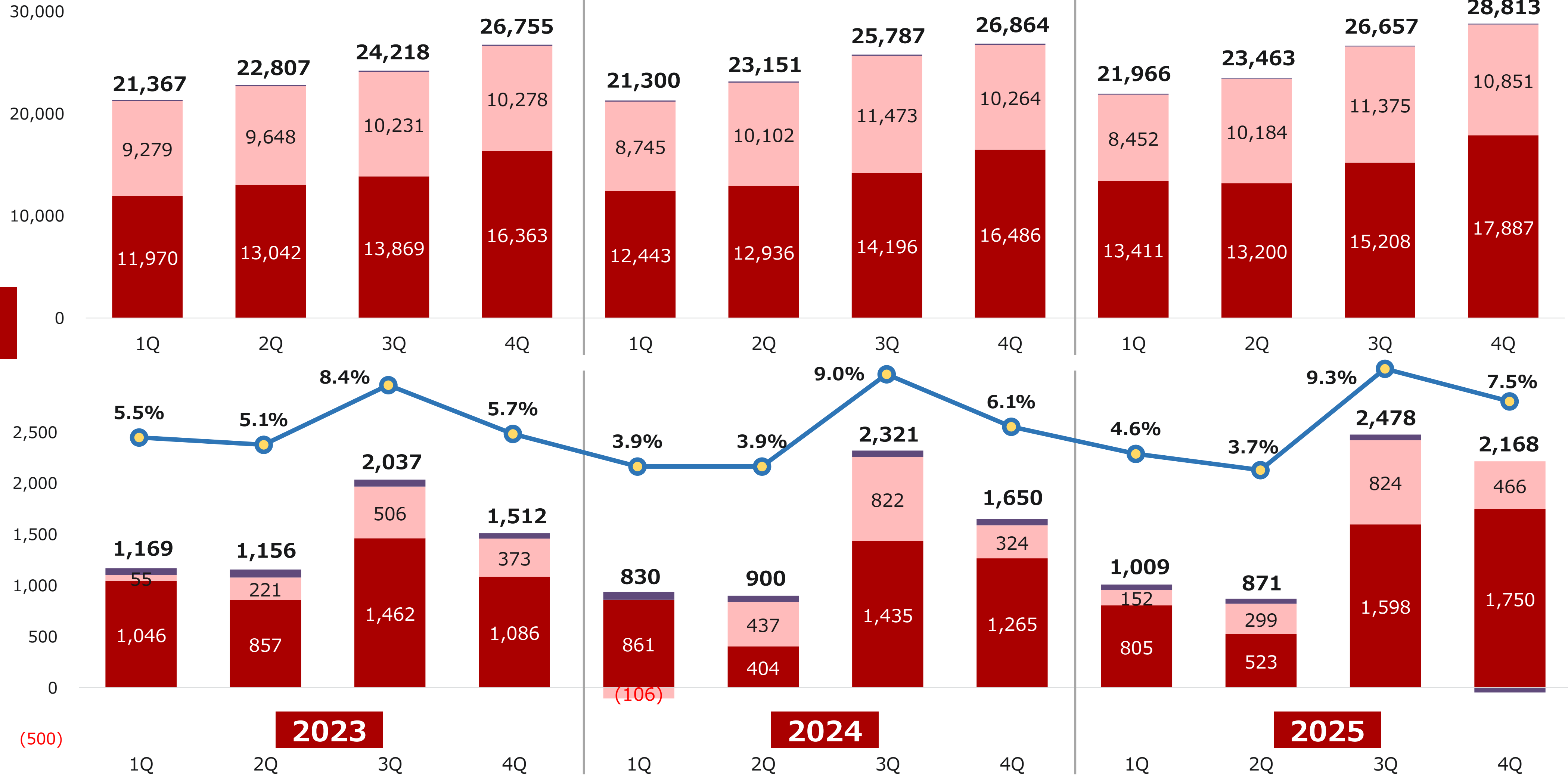
9. Quarterly Net sales and Operating Profit Trends

- Net sales: Customers' capital investment tends to become more active toward the fiscal year-end, and net sales tend to increase in the second half accordingly
- Operating profit: Operating profit tends to show troughs in Q2 and Q4 due to the recording of half-year-end expenses in SG&A, cost of sales, and other items

Net Sales

(Million Yen)

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



2

FY2026 Financial Forecast

1. FY2026 Forecast Highlights

Net Sales

Aiming for a further 100 bn JPY upside

- **Achieved the FY2026 Mid-Term Management Plan targets one year ahead of schedule. Aim for further upside growth**
- **Primarily driven by the smart meter business in Japan**
 - Strong order intake for second-generation smart meters
- **Overseas, revenue growth in the United Kingdom and Asia contributed to results**

Operating Profit

Record-high profit despite falling short of the Mid-Term Management Plan target (9.0 billion yen)

- **Record-high profit of 8.1 billion yen is expected**
- **Rising raw material and component prices impacted profit and loss***
 - Copper products, petrochemical products, etc.
- **Reflect additional growth investments not assumed at the time of formulating the Mid-Term Management Plan (May 2024)**
 - Record the following investments based on the growth strategy:
 - Evaluation of business opportunities in the U.S. market
 - Exploration of the storage battery utilization business
 - Enhancement of human capital
 - Business process innovation through DX investments

Into the Next Growth Market

Consider Entry into the U.S. Market

- **Accelerate evaluation of business opportunities in the U.S. market**

Target

- Medium-Term Growth Strategy is on p.25
- Accelerating Evaluation of Entry into the U.S. Market is on p.29

- Mid-sized electric utilities (approximately 3,000 companies)

Products

- Smart meter solution **NEOS Solution** (Compliance with U.S. Standards)

Initiatives

- Commence field tests with multiple electric utilities (FY2026~)

	Mid-Term Management Plan (FY2026)	FY2026 Forecast
Net sales	100.0 B JPY	101.0 B JPY
Operating profit	9.0 B JPY (9.0%)	8.1 B JPY (8.0%)
Net profit	5.5 B JPY	4.8 B JPY
ROE	10.0%	8.5%

Point

- **Net Sales:** Expected to increase against the Mid-Term Plan, driven by strong order intake for second-generation smart meters and other factors
- **Operating Profit:** While record-high profit is expected, it is projected to fall short of the final-year targets of the Mid-Term Management Plan due to rising raw material and component prices and increased SG&A expenses associated with the advancement of the growth strategy, among other factors
- **Growth Strategy:** Accelerate evaluation of entry into the U.S. market. In 2026, commence field tests with multiple electric utilities. Aim for revenue contribution from FY2028 onward
- **Shareholder Return:** Annual dividend forecast at 49 yen per share (maintaining the FY2025 dividend level). Execution of share repurchase of up to 1.5 million shares and up to 2.5 billion yen (both maximum limits)

*While increases in raw material and component prices associated with the situation in the Middle East have been factored in based on certain assumptions, concerns remain regarding the potential prolongation and escalation of the situation, making it difficult at this stage to quantitatively present the overall impact on full-year results

2. FY2026 Financial Forecast Variance Analysis

Against the Mid-Term
Management Plan
(Revised on May 12, 2025)



	FY2025 Actual	FY2026 Mid-Term Management Plan	FY2026 Forecast	Changes from the Mid-Term Management Plan	
Net sales	100,900	100,000	101,000	1,000	+ 1.0%
Operating profit	6,526	9,000	8,100	△900	△10.0%
Profit attributable to owners of parent	5,777	5,500	4,800	△700	△12.7%

(Million Yen)

Net Sales

(The outlook by segment is compared with the revised Mid-Term Management Plan figures (revised on May 12, 2025))

Japan

+ 1.8

Smart Meter

- Revenue increases due to strong order intake for second-generation smart meters and other factors

+ 1.3

▲ 1.0

Solution

- Revenue decreases due to non-utility meters, GX services, smart locks, and the subsidiary ENEGATE falling below the Medium-Term Management Plan forecasts, among other factors

+ 0.5

Switchgear

- Strong demand conditions continue, with carryover projects from FY2025 also contributing to higher revenue

Overseas

▲ 3.5

Oceania

- Revenue increases compared with FY2025 results. However, FY2026 is expected to fall below the initial plan due to a slower-than-expected start to smart meter installation plans by distribution utilities, among other factors

▲ 0.3

+ 1.2

Europe (UK)

- The government-led "Smart Meter Project" peaks out; however, revenue exceeds the Mid-Term Management Plan due partly to the assumption of a weaker yen in exchange rate forecasts

+ 3.0

Asia

- Revenue increases due to the acquisition of large-scale orders from existing customers

(Billion Yen)

* Includes revenue impact from the Middle East & Africa (MEA) exit

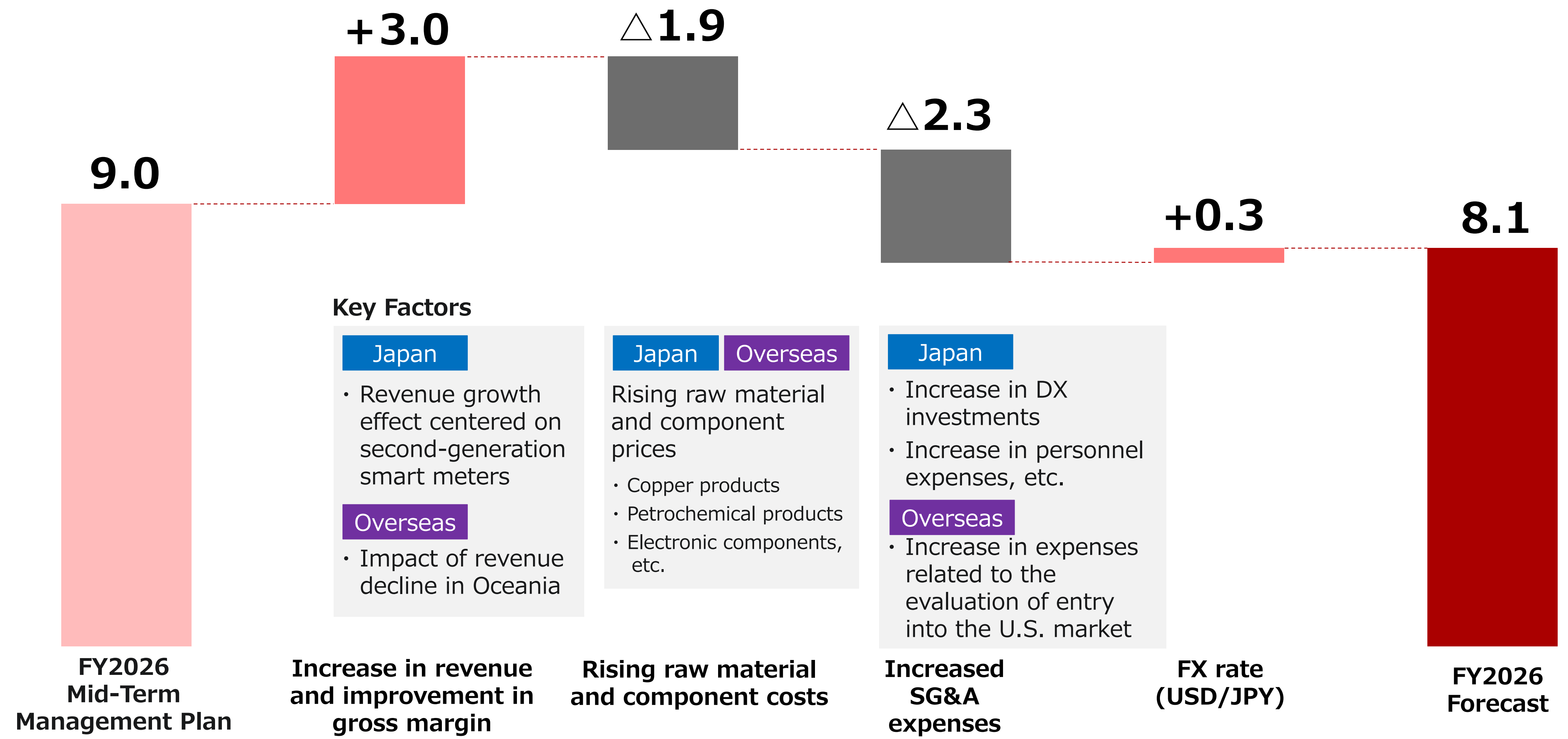
2. FY2026 Financial Forecast Variance Analysis

Against the Mid-Term Management Plan
(Revised on May 12, 2025)



Operating Profit

(Billion Yen)



Key Factors

- Japan**
 - Revenue growth effect centered on second-generation smart meters
- Overseas**
 - Impact of revenue decline in Oceania

- Japan**
 - Rising raw material and component prices
- Overseas**
 - Copper products
 - Petrochemical products
 - Electronic components, etc.

- Japan**
 - Increase in DX investments
 - Increase in personnel expenses, etc.
- Overseas**
 - Increase in expenses related to the evaluation of entry into the U.S. market

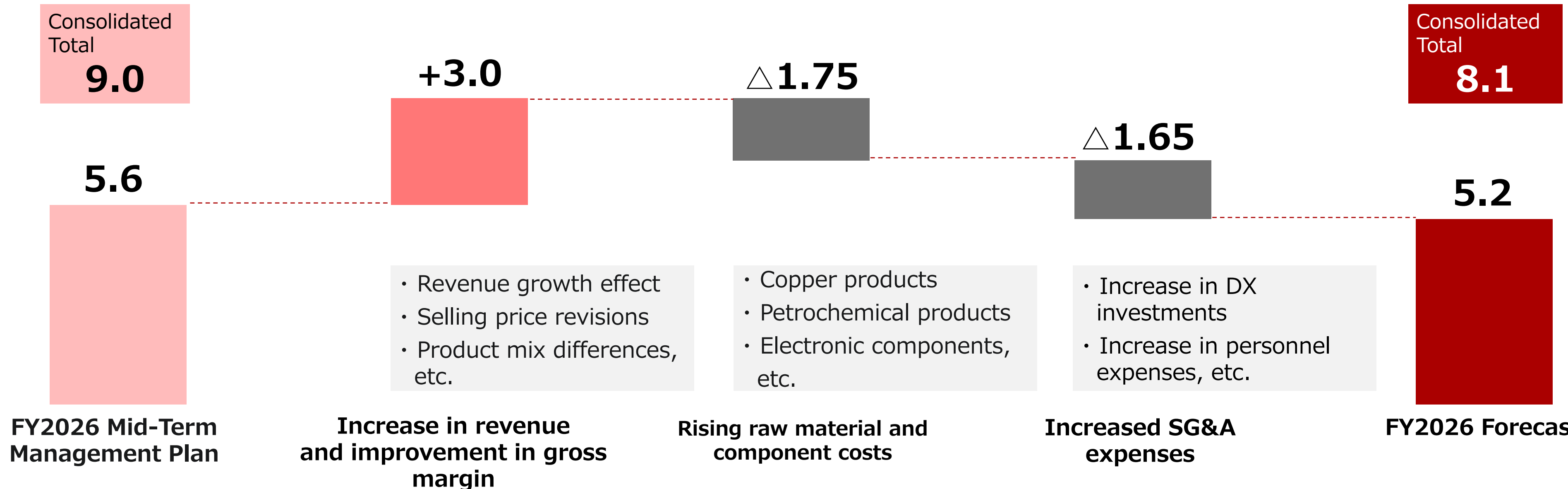
2. FY2026 Financial Forecast Variance Analysis

Against the Mid-Term Management Plan
(Revised on May 12, 2025)



Operating Profit

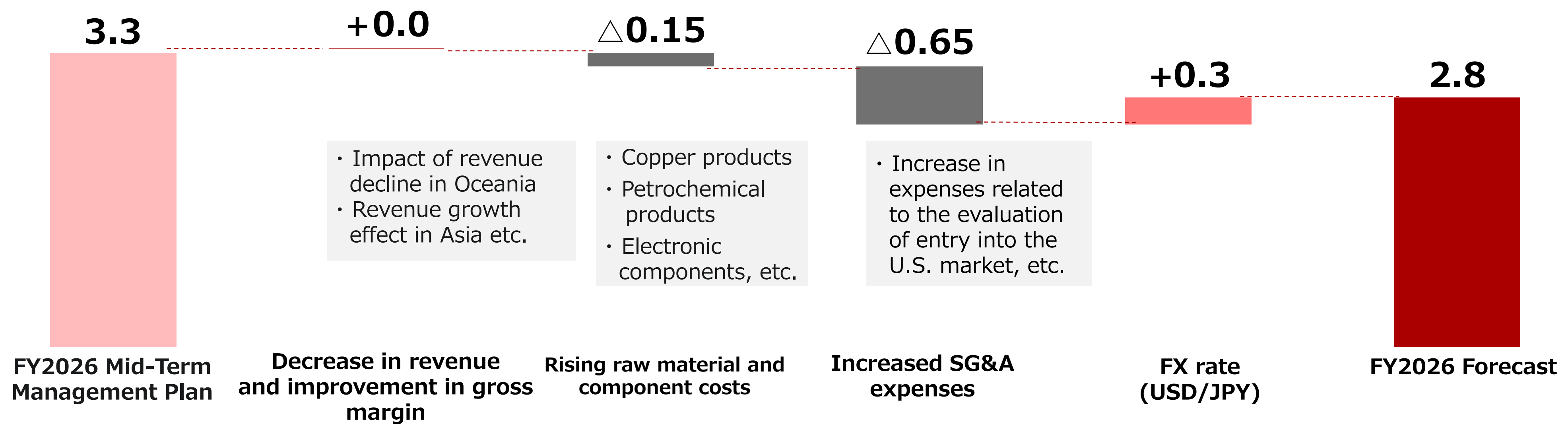
Japan



Consolidated Total
8.1

(Billion Yen)
*“Consolidated total” includes operating profit from the real estate business (0.1 billion yen in each case)

Overseas



3. FY2026 Financial Forecast

Against the Mid-Term Management Plan (Revised on May 12, 2025)



(Million Yen)

	FY2025 Actual	FY2026 Mid-Term Management Plan (Revised on May 2025)	FY2026 Forecast	FY2025 Actual vs FY2026 Forecast		Mid-Term Management Plan (Revised on May 2025) vs FY2026 Forecast	
Net sales	100,900	100,000	101,000	99	+1.0%	1,000	+1.0%
Smart meters & solutions in Japan	59,707	63,700	65,000	5,292	+8.9%	1,300	+2.0%
Smart meter Business	40,274	40,700	42,500	2,215	+5.5%	1,800	+4.4%
Solution Business	11,379	14,500	13,500	2,120	+18.6%	△1,000	△6.9%
Switchgear Business	8,053	8,500	9,000	946	+11.7%	500	+5.9%
Smart meters & solutions overseas	40,862	36,000	35,700	△5,162	△12.6%	△300	△0.8%
Oceania	15,880	20,500	17,000	1,119	+7.1%	△3,500	△17.1%
Europe	15,342	12,500	13,700	△1,632	△10.7%	1,200	+9.6%
Asia	4,846	2,000	5,000	153	+3.2%	3,000	+150.0%
The Middle East & Africa	4,793	1,000	—	△4,793	—	△1,000	—
Real estate	330	300	300	△30	△9.2%	—	—
Operating profit	6,526	9,000	8,100	1,573	+24.1%	△900	△10.0%
Smart meters & solutions in Japan	4,676	5,600	5,200	523	+11.2%	△400	△7.1%
Smart meters & solutions overseas	1,743	3,300	2,800	1,056	+60.6%	△500	△15.2%
Real estate	103	100	100	△3	△3.8%	—	—
Assumed exchange rates (JPY/USD)	*149.61	140.00	155.00	*FY2025 actual results are based on the average FX rate			

Smart Meter Business in Japan

Market Environment

- **Installation of second-generation smart meters is expected to begin at all electric power companies**
 - Full-scale shipments to all electric power companies are expected to begin in Q4 FY2025 as planned
 - All units are planned to be replaced over the next 10-year period → Stable demand is expected to continue

Business Strategy

- **Securely capture expanding demand and ensure stable product supply**
- **Further improve profitability**
 - Introduction of AI, robots, and AMRs into production lines → Promotion of automation and labor-saving

Financial Forecast

● Net sales

(Billion Yen)

FY2025 Actual	FY2026 Mid-Term Management Plan	FY2026 Forecast
40.3	40.7	42.5

● Operating profit

- Second-generation smart meters are expected to contribute to full-year performance (Revenue Base)
- Profit improvement is expected from FY2027 onward due to lower depreciation expenses

Solution Business in Japan

Market Environment

- **Non-utility meter: Demand driven by capital investment remains firm, supporting stable performance**
- **GX service: The energy management market is maturing**
- **Smart lock: No.1 market share in the rental housing market**

Business Strategy

- **Non-utility meters: Improve profitability by expanding sales of DC meters and other products**
 - While sales growth is expected to be moderate, aim to improve margins
- **GX service: Expand revenue through the expansion of existing energy management systems and the introduction of new products**
 - Offer new services combining AI and storage batteries
- **Smart lock: Expand sales of new products (launched in Q3 FY2025)**

Financial Forecast

● Net sales

(Billion Yen)

FY2026 Mid-Term Management Plan	FY2026 Mid-Term Management Plan	FY2026 Forecast
11.4	14.5	13.5

● Operating profit

- Profit is expected to increase with revenue growth
- Margins are expected to improve through expanded sales of DC meters and other products

4. Overview of Subsegments ②

Switchgear Business in Japan

Market Environment

- Demand is expected to remain at a high level
 - Corporate capital investment is expected to remain firm, supporting continued strong demand from both electric utilities and industrial customers
 - In particular, demand from data centers is expected to grow

Business Strategy

- Enhancing profitability
 - Improve margins through selective order intake of high-profit projects
 - Improve profitability by maintaining high capacity utilization rates backed by strong demand

Financial Forecast

- Net sales (Billion Yen)

FY2025 Actual	FY2026 Mid-Term Management Plan	FY2026 Forecast
8.1	8.5	9.0

- Operating profit
 - Margins are expected to improve through selective order intake of high-profit projects
 - Margins are expected to improve through the maintenance of high capacity utilization rates

Smart Meter Business Overseas (Oceania)

Market Environment

- Australia:
 - New demand for smart meters is expected under the government-led “Legacy Meter Replacement Program” (FY2026 to FY2030) (the replacement program will be implemented by distribution utilities)
 - In FY2026, demand is expected to fall below the initial plan due to a slower-than-expected start to the smart meter installation program, but recovery is expected in FY2027 **(Total installation volume over the next five years remains unchanged)**

[Example of annual meter replacement plan of Australian Distribution Utility]

	2026	2027	2028	2029	2030
Update Rate	15%	24%	24%	20%	16%

- New Zealand: Stable replacement demand is expected

Business Strategy

- Improve profitability through sales of the next-generation smart meter “NEOS”
 - Full-scale market launch is scheduled to begin in Q2FY2026
 - Strengthen sales of NEOS going forward, aiming for further margin

Financial Forecast

- Net sales (Billion Yen)

FY2025 Actual	FY2026 Mid-Term Management Plan	FY2026 Forecast
15.9	20.5	17.0

- Operating profit
 - Profitability is expected to improve through the full-scale launch of “NEOS”

4. Overview of Subsegments ③

Smart Meter Business Overseas (UK)

Market Environment

- The UK government-led “Smart Meter Project” peaks out
 - The project is expected to continue through FY2030
 - New installations peaked in FY2025 and are expected to slow down from FY2026 onward
- Amid the peak-out phase, some competitors are showing signs of withdrawal from the market

Business Strategy

- Maximize profit through profitability-focused order intake, cost control, and cost reduction
- Capture survivor’s gains centered on replacement demand from FY2027 onward as competitors withdraw

Financial Forecast

● Net sales

(Billion Yen)

FY2025 Actual	FY2026 Mid-Term Management Plan	FY2026 Forecast
15.3	12.5	13.7

● Operating profit

- Profitability is expected to improve through profitability-focused order intake, cost control, and cost reduction

Smart Meter Business Overseas (Asia)

Market Environment

- Installation of electricity meters is expected to expand, driven by population growth and the progress of electrification
- Price competition with Chinese companies is intensifying

Business Strategy

- Adopt a margin-focused order-intake strategy by avoiding price competition with Chinese companies and others
 - Withdraw from standalone meter sales
 - Expand bundled sales of meters and systems, as well as sales of industrial meters

Financial Forecast

● Net sales

(Billion Yen)

FY2025 Actual	FY2026 Mid-Term Management Plan	FY2026 Forecast
4.8	2.0	5.0

● Operating profit

- Profit is expected to increase due to the acquisition of large-scale orders from existing customers

5. Mid-Term Management Plan (Actual + Forecast)

		FY2024	FY2025	FY2026	(Billion yen)
		Actual	Actual	Forecast	
Net sales	Smart meters & solutions in Japan	56.1	59.7	65.0	
	Smart meter business	34.9	40.3	42.5	
	Solution business	12.9	11.4	13.5	
	Swichgear business	8.2	8.1	9.0	
	Smart meters & solutions overseas	40.6	40.9	35.7	
	Oceania	21.1	15.9	17.0	
	Europe	13.5	15.3	13.7	
	Asia	4.7	4.8	5.0	
	The Middle East & Africa	1.3	4.8	*—	
	Real estate	0.5	0.3	0.3	
	Total	97.1	100.9	101.0	
Operating profit	Smart meters & solutions in Japan	4.0	4.7	5.2	
	Smart meters & solutions Overseas	1.5	1.7	2.8	
	Real estate	0.3	0.1	0.1	
	Total	5.7	6.5	8.1	
ROE		6.9%	10.6%	8.5%	

*The "Middle East & Africa" segment has been discontinued following the withdrawal from the business (Announced on January 27, 2026)

<Rate>

- At the time of formulation of the medium-term management plan 130.00 yen /USD
- FY2025 initial forecast 140.00 yen /USD
- FY2025 Average FX Rate 149.00 yen /USD
- FY2026 Forecast Average FX Rate 155.00 yen /USD

6. Shareholder Returns

Dividend Forecasts (FY2025 - FY2026)

	FY2025 (Yen)			FY2026 (Yen)		
	End of Second Quarter	Fiscal Year-End	Annual	End of Second Quarter	Fiscal Year-End	Annual
Ordinary Dividend	17	22	39	19	20	39
Special Dividend	-	10	10	10	—	10
Total	17	32	49	29	20	49

Dividend increased by 4 yen per share through the application of the payout ratio standard*

Maintain the FY2025 dividend level

* Latest forecast **45 yen** (Announced on February 19, 2026)

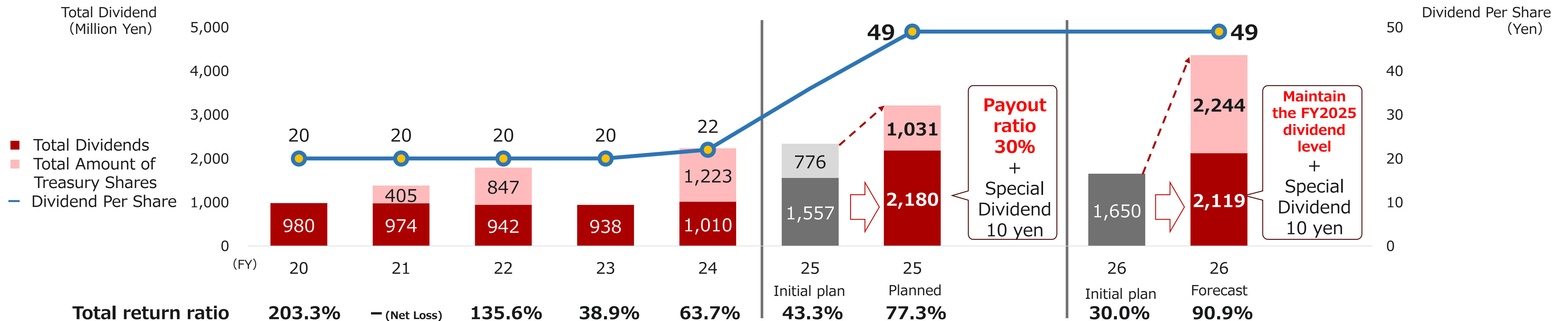
Share Repurchase

	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%

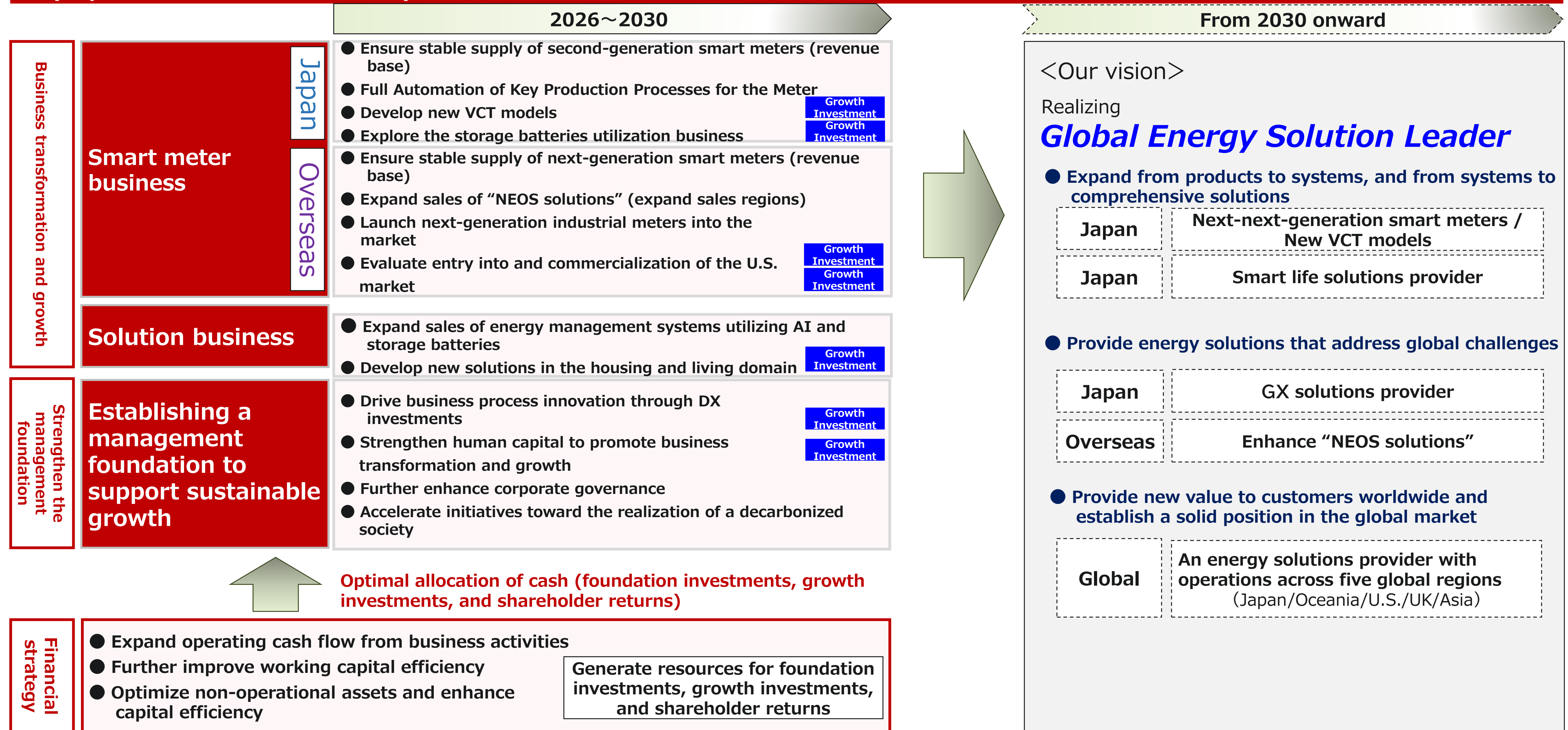


3 Medium-Term Growth Strategy

1. Medium-Term Growth Strategy (2026~2030)

- Execute growth investments through efficient generation of funding sources. Focusing on building a foundation for the next phase of business growth
- Enhance management efficiency and improve shareholder value (improvement of ROE and PBR)

End of FY2025 Actual **PBR 1.31 times** · **ROE 10.6%**



2. Medium-Term Growth Strategy by Business ①

Smart Meter Business in Japan

Forecast of Changes in the External Environment (up to 2030)

Politics (Laws, regulations, policies, etc.)	Society (Consumer trends, lifestyle changes, etc.)
<ul style="list-style-type: none"> Acceleration of policies addressing climate change Development of power transmission and distribution networks Strengthening resilience to disasters 	<ul style="list-style-type: none"> Decline in the working-age population and advancing aging (growing demand for labor-saving and automation) Decrease in the number of households and housing units Progress in decarbonization
Economy (Economic climate, interest rates, foreign exchange rates, etc.)	Technology (Innovation, advancement of existing technologies, etc.)
<ul style="list-style-type: none"> Increase in power demand driven by the advancement of AI, DX, and GX Rising power procurement costs and diversification of power trading methods Progress of inflation (expansion of procurement risks for materials and components) 	<ul style="list-style-type: none"> Advancement of grid and supply-demand operations Progress and widespread adoption of AI technologies, and advancement of DX Evolution of remote-control technologies

Major Business Strategy

<Core business>

- Establish a stable revenue base through the reliable supply of second-generation smart meters
→ Achieved full automation of main production processes (assembly processes and in-yard transporting)

<Growth business>

- Enter the grid-connected battery storage business → Aim to become a **GX**
Work to commercialize businesses that leverage strengths in smart meter measurement technologies and the GX solutions business, contributing to the stabilization of power infrastructure and the realization of decarbonization
- Concept review for next-next-generation smart meters
- Develop new VCT models (manufacturing automation)

Smart Meter Business Overseas

Forecast of Changes in the External Environment (up to 2030)

Politics (Laws, regulations, policies, etc.)	Society (Consumer trends, lifestyle changes, etc.)
<ul style="list-style-type: none"> Outbreak, escalation, and prolongation of regional conflicts → Concerns over heightened geopolitical risks in areas such as raw material procurement, foreign exchange, export controls, and tariffs Acceleration of global climate change measures (decarbonization) → Resulting in variations in the pace and scope of initiatives across countries and regions 	<ul style="list-style-type: none"> Progress in decarbonization Population growth and increases in the number of households and housing units Progress in electrification, particularly in emerging markets, and growing demand for power measurement and control
Economy (Economic climate, interest rates, foreign exchange rates, etc.)	Technology (Innovation, advancement of existing technologies, etc.)
<ul style="list-style-type: none"> Increase in power demand driven by the advancement of AI, DX, and GX Growth in investment in clean energy Persistent inflation and rising costs (economic slowdown) Heightened uncertainty in foreign exchange fluctuations 	<ul style="list-style-type: none"> Advancement and widespread adoption of AI technologies Expansion of edge computing Expansion of renewable energy and energy storage systems Shortage of specialized talent → Securing talent from emerging markets

Major Business Strategy

<Core business>

- Build a stable revenue base through the reliable supply of the next-generation smart meter “NEOS”
- Expansion of “NEOS Solutions” (geographic expansion)

<Growth business>

- Enhance NEOS solutions through edge intelligence
- Develop and launch next-generation industrial meters
- Evaluate entry into and commercialization of the U.S. market

Solution Business in Japan

Forecast of Changes in the External Environment (up to 2030)

Politics (Laws, regulations, policies, etc.) <ul style="list-style-type: none"> Acceleration of policies addressing climate change Progress in developing the environment for DX promotion Strengthening resilience to disasters 	Society (Consumer trends, lifestyle changes, etc.) <ul style="list-style-type: none"> Decline in the working-age population and advancing aging (growing demand for labor-saving and automation) Decrease in the number of households and housing units Progress in decarbonization
Economy (Economic climate, interest rates, foreign exchange rates, etc.) <ul style="list-style-type: none"> Increase in power demand driven by the advancement of AI, DX, and GX Rising power procurement costs and diversification of power trading methods Progress of inflation (expansion of procurement risks for materials and components) 	Technology (Innovation, advancement of existing technologies, etc.) <ul style="list-style-type: none"> Advancement and widespread adoption of AI technologies, and progress in DX Innovation in storage batteries technologies Advancement of semiconductor technologies

Major Business Strategy

<Core business>

- Expand revenue and profitability of meters for non-utility customers (non-utility meters)

<Growth business>

- Launch and expand sales of energy management systems utilizing AI and energy storage
Product name: "SmaRe:C" (a service that optimizes electricity costs while maximizing the use of renewable energy)
- Deploy DX solutions that support on-site operations (automated meter reading and smart maintenance)
- Position the smart lock "OPELO series" as a front-end product and develop new solutions in the housing and living domain

→ Aim to become a **smart life solutions provider** in the future

Grid Storage Station

A large-scale battery storage facility directly connected to the transmission and distribution network (power grid), expected to serve as essential infrastructure for the expansion of renewable energy. It can be charged when electricity supply is abundant and market prices are low, and discharged when demand is high and prices rise, enabling revenue generation. By storing generated electricity and utilizing it during periods such as nighttime, it helps avoid energy loss and is expected to deliver energy-saving benefits.

Edge Intelligence

A technology in which data processing is performed not in the cloud but at the device (edge) where the data is collected, using AI and other methods for analysis. (Cloud: centralized processing ⇔ Edge: distributed processing)
This technology is based on the principle of converting the conventional process of "collecting data at the device → sending to the cloud → analyzing in the cloud → sending instructions back to the device." to an approach that aims to complete the entire workflow at the device (edge).

<Advantages>

- ① Real-time processing: Enables instantaneous decision-making by eliminating round-trip communication
- ② Reduced communication load and costs: No need to transmit all large volumes of data to the cloud, reducing network load and communication expenses
- ③ Enhanced security: Reduces the risk of data leakage

3. Review of Cash Allocation (FY2024 – FY2026)

The amounts in parentheses represent the increase/decrease from the figures announced in May 2025

Cash Inflows

Net Cash

End of March 2024

6.1 B JPY

Operating Cash Flow

36.7 B JPY
(* + 11.7 B JPY)

(*) Increase due to the change in assumptions to a pre-cash-out-related expenses basis

Sale of Strategic Shareholdings

2.1 B JPY (+0.1 B JPY)

Sale of Real Estate

7.7 B JPY (+ 6.8 B JPY)



Cash Outflows

Working Capital (Allocation Ratio) (12.4%)

6.5 B JPY (+ 1.0 B JPY)

Growth Investments Foundation Investments (47.9%)

25.2 B JPY (+ 5.2 B JPY)

Shareholder Returns

Dividends (Including dividends to non-controlling shareholders) (23.0%)

7.6 B JPY (+ 1.1 B JPY)

Share Repurchase
4.5 B JPY (+ 2.5 B JPY)

Utilization in the Next Mid-Term Management Plan* (16.7%)

8.8 B JPY (+ 8.8 B JPY)

Growth Investments 9.6 B JPY (Allocation Ratio) (25.7%)

- Investments to expand business domains
 - New business creation: U.S. business, storage-battery-related business, etc.
- Investments to strengthen competitive advantage
 - Existing businesses: Japan Second-Generation Smart Meters
 - Overseas Next-Generation Smart Meters "NEOS"
 - Business transformation: DX Investments
 - Strengthening human capital etc.

Foundation Investments 15.6 B JPY (41.9%)

- Investments to maintain existing businesses and stabilize earnings
 - Equipment renewal investments
 - Improvement and development investments for existing products, etc.

Shareholder Returns 12.1 B JPY (32.4%)

- Continue stable dividend payments
 - Raise the DOE benchmark from 2% to 3% (May 2025)
 - Implementation of Special Dividends (FY2025 – FY2026)
- Continue share repurchases on an ongoing basis
 - FY2024~FY2026: Total of approximately 3.96 million shares and approximately JPY 4.5 billion

*May consider allocating a portion to mitigate impacts arising from geopolitical risks, depending on the situation

4. Accelerating Evaluation of Entry into the U.S. Market ①

Accelerate evaluation of business opportunities in the U.S. market by leveraging strong development capabilities, technological expertise, and quality cultivated in the Oceania market, where the Company holds a high market share

Key Products

NEOS Solution

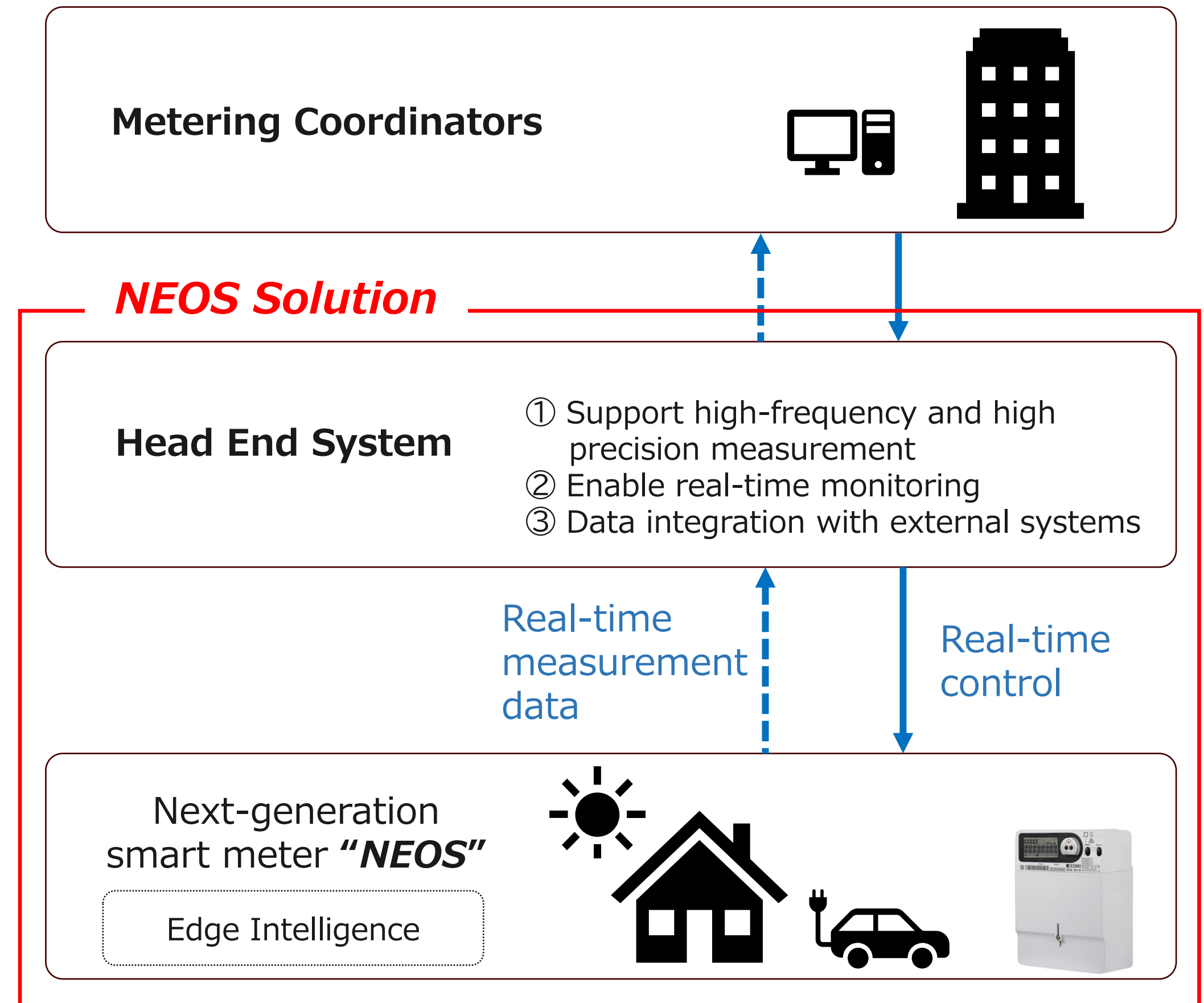
- Provide solutions combining smart meters and upper-level systems
 - ▶ Enables high-frequency, high-accuracy measurement / real-time monitoring / fast and autonomous control
 - ▶ “NEOS” smart meters compliant with U.S. standards, leveraging established development assets and quality management systems
 - ▶ Plan to incorporate “Edge Intelligence,” enabling advanced data processing on the meter side, thereby expanding the data processing capabilities of smart meters

Our Strengths

Strong development capabilities, technological expertise, and quality of EDMI, underpinning its high market share in Oceania

- Real-time data measurement technologies
- Wireless data collection technologies
- Proven track record in providing integrated smart meter solutions combining these technologies
- Customer-centric business model

(NEOS Solution Concept Diagram)



4. Accelerating Evaluation of Entry into the U.S. Market ②

U.S. Market Environment

Growing demand for solutions for the measurement, monitoring, and control of electricity

- Rapid increase in power demand driven by the expansion of AI usage
- Enhanced control through the integration of distributed energy resources with existing power grids
- Strengthening resilience (recovery capability) during power outages, etc.

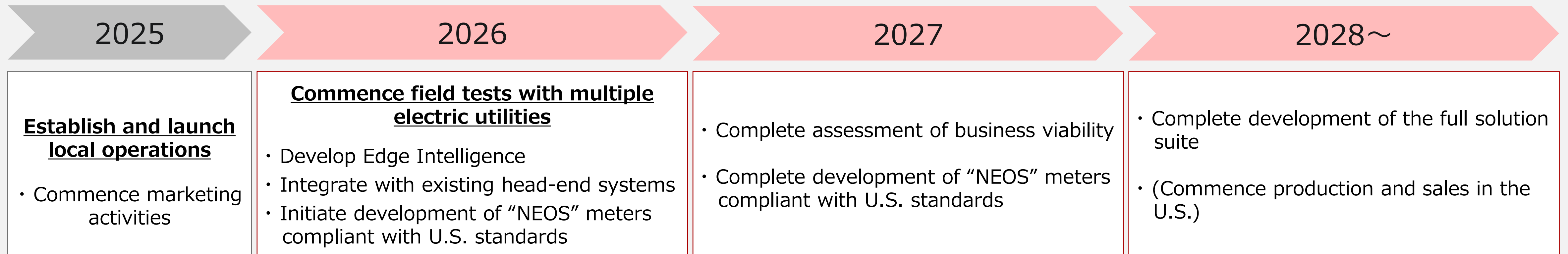
⇒ **Deployment plans for next-generation smart meters are expected to begin from FY2026 onward** (timing varies by state)

Target

Mid-sized electric utilities (approximately 3,000 companies)

- ① Approximately 3,000 utilities exist due to the vast land area, independent transmission and distribution networks, and electricity market liberalization
(→ Dissatisfaction with standardized services provided by major players)
- ② Build partnerships in segments where support from major competitors is limited
- ③ Market size is approximately 10 times that of Australia

Business Feasibility Evaluation Schedule



Appendix

1. 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) → **132 times** (as of FY2025 Q3)

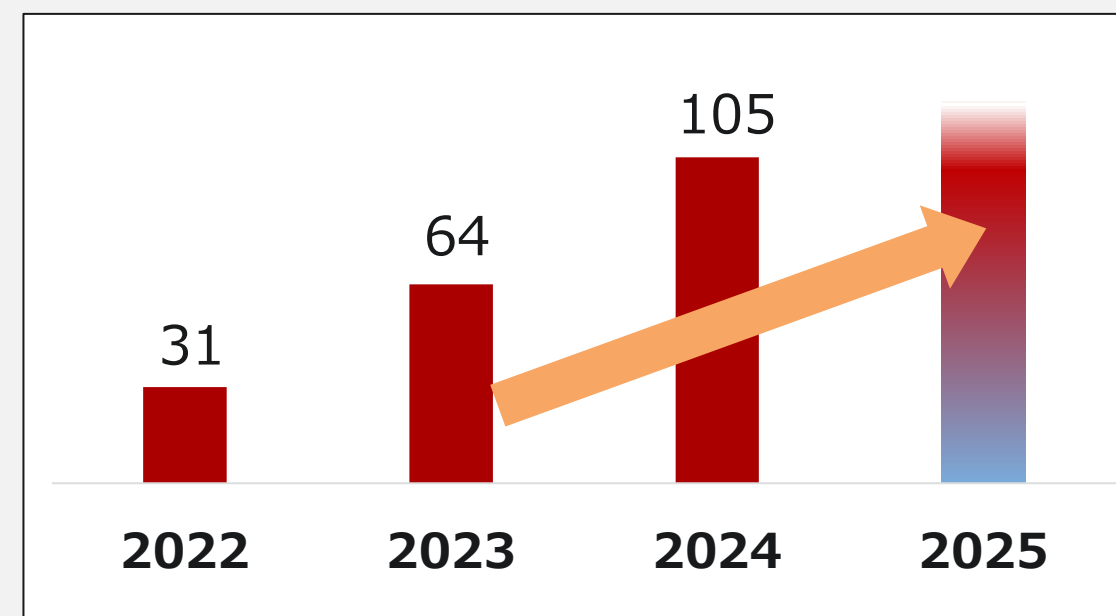
Increasing the Frequency of Information Disclosure

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

- **PBR: 1.31 times (FY2025)**
- **ROE: 10.6% (FY2025)**
- **The cost of equity capital: 6.0% (FY2025)**
- 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 is 49 yen, **a 27 yen** increase from FY2024

Share Repurchase

- 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
- Period of repurchased : From February 2026 to September 2026
- Total number of repurchased : 1.50 million shares
- Total amount of repurchase price : 2,500 million yen

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 FY2025, the reduction amounted to **4 billion** yen compared with the end of FY2023

Reducing Strategic Shareholdings Sale of Real Estate

2. Expected External Environment and Risk/Opportunity Responses ①

Expected External Environment	Major Expected Risks [R] and Opportunities [O]	Key Countermeasures
<p>【Short-term】 Decrease in the availability of raw materials and components due to the prolonged situation in the Middle East</p>	<p>【R】 Shortage of raw materials and components Prolongation of procurement lead times 【R】 Supply chain disruptions</p>	<ul style="list-style-type: none"> • Diversification of suppliers, decentralization of procurement regions, and advance procurement of critical parts and materials • Evaluation of alternative materials and components, design modifications, and development of alternative technologies • Adjustment of product mix during production, negotiation of delivery schedules, and strengthening of inventory management • Review of contract structures (long-term supply contracts, priority supply agreements, etc.)
<p>【Short-term】 Increase in costs due to rising crude oil prices (raw material prices, fuel costs, logistics costs, etc.)</p>	<p>【O】 Growing demand for energy efficiency 【R】 Increases in raw material and logistics costs</p>	<ul style="list-style-type: none"> • Expand sales of meters (DC meters) and GX-related products and services • Pass on costs appropriately to selling prices • Strengthen cost reduction initiatives • Promote logistics efficiency
<p>【Short-term】 Uncertainty in foreign exchange fluctuations</p>	<p>【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</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
<p>【Short-term】 Semiconductor memory shortage</p>	<p>● 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</p>	
<p>【Short-term】 Structural increase in personnel expenses</p>	<p>【O】 Growing demand for labor-saving solutions 【R】 Profit pressure from rising personnel expenses</p>	<ul style="list-style-type: none"> • Expand sales of labor-saving products such as “Rakuraku Kenshin” • Improve value added per employee by strengthening the human capital strategy • Fundamental review of business processes through the promotion of DX

2. Expected External Environment and Risk/Opportunity Responses ②

Expected External Environment	Major Expected Risks [R] and Opportunities [O]	Key Countermeasures
<p>【Short-term】 Enhancement of corporate governance and disclosure requirements</p>	<p>【O】 Strengthening corporate governance capable of meeting market expectations → Improvement in market evaluation from a non-financial perspective</p> <p>【R】 Decline in market evaluation due to delays in initiatives</p>	<ul style="list-style-type: none"> • Strengthen the corporate governance execution framework and initiatives centered on the Board of Directors and the Board of Corporate Auditors (to be promoted together with evaluations of Board effectiveness) • Enhance disclosure regarding the progress and results of initiatives
<p>【Short-term】 Rising domestic interest rate levels</p>	<p>【R】</p> <ul style="list-style-type: none"> • Increase in interest expenses • Decline in revenue from the solutions business due to slower starts of housing and commercial facility construction • Decline in revenue from switchboards, VCTs, and other products due to reduced production-related capital investment • Decline in the value of non-operational assets • Stricter investment decisions and postponement or reduction of investments 	<ul style="list-style-type: none"> • Switch borrowings and reduce debt using cash on hand • Strengthen QCD strategies and enhance profitability in target businesses • Reassess investment decision criteria and shorten investment payback periods
<p>【Short-term】 Persistent inflation and rising costs</p>	<p>【R】</p> <ul style="list-style-type: none"> • Ongoing pressure on profitability • Increased personnel cost burden 	<ul style="list-style-type: none"> • Fundamentally review business processes through the promotion of DX and improve productivity by strengthening human capital strategies • Explore alternative materials and components, and establish design changes and alternative technologies
<p>【Short-term】 Rapid advancement and widespread adoption of generative AI technologies</p>	<p>【O】</p> <ul style="list-style-type: none"> • Improved operational efficiency and productivity <p>【R】</p> <ul style="list-style-type: none"> • Occurrence of information security incidents 	<ul style="list-style-type: none"> • Continuously and proactively develop DX talent and utilize their skills • Establish information security rules, frameworks, and systems based on the widespread use of AI
<p>【Short-term】 Increasing cybersecurity risks</p>	<p>【R】</p> <ul style="list-style-type: none"> • Occurrence of cybersecurity incidents • Loss of business opportunities due to information leakage and other factors • Deterioration of corporate reputation 	<ul style="list-style-type: none"> • Strengthen investments in cybersecurity measures • Reinforce security rules, frameworks, and systems assuming cyberattacks • Thoroughly implement internal education and training

2. Expected External Environment and Risk/Opportunity Responses ③

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】 Postponement of 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)

8. セグメント別戦略(不動産事業を除く)

9. 2025年度 (具体的施策)

10. 2026年度 (具体的施策)

11. 高圧受電用設備 (VCT (高圧計器用変圧変流器))

OSAKI Group Integrated Report 2025

OSAKI



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

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