FY2026 H1 Financial Results Presentation Materials

November 5, 2026

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

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Company Profile

Listed on the TSE Prime Market / Securities Code: 6644

- Produce and sell “electricity meters” (smart meters) in Japan and overseas that measure electricity consumption. Electric utilities in each country are our main customers
- Hold one of the leading market shares in Japan’s smart meter market
- Also Focusing on businesses beyond smart meters for electric utilities (Solution Business and Switchgear Business)

Share Information

Market Capitalization	PER (Forecast)
Approx. 63.8 B JPY	12.5 times
PBR (Actual)	**ROE (Actual)**
1.04 times	10.6%

*Stock price-related indicators are based on the closing price as of October 28, 2026

Sales Composition

Composition of Total Company Sales (Total Company Sales = 100%)



Breakdown of Smart Meters & Solutions in Japan



Breakdown of Smart Meters & Solutions Overseas



■ The Middle East & Africa



【Japan】
Second-Generation Smart Meter



【Overseas】
Next-Generation Smart Meter (NEOS)

*The composition ratios are approximate figures based on historical results

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Agenda

1 FY2026 H1 Financial Summary P.4

2 FY2026 Financial Forecast [vs. Initial Forecast] P.15

3 FY2026 Financial Forecast [vs. Previous Fiscal Year] P.24

4 Shareholder Returns P.33

(Appendix is provided at the end of this presentation)

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1 FY2026 H1 Financial Summary

The following descriptions are used throughout this report		
Cumulative Q2	=	H1
Cumulative Q4	=	FY
FY2026 Financial Forecast (Announced on May 12)	=	Initial Forecast
FY2026 Revised Financial Forecast (Announced on November 5)	=	Revised Forecast

Note:
Segment and sub-segment net sales presented in this presentation exclude inter-segment sales to reflect actual business activities. In contrast, net sales reported in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2026” (the “Financial Results Report”) include inter-segment sales based on the consolidated financial statements. Accordingly, net sales figures and year-on-year changes may differ between this presentation and the Financial Results Report.

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1. FY2026 H1 Financial Highlights

YoY **Increased Sales and Profit**

	FY2025 H1 Actual	FY2026 H1 Actual	Change (Billion Yen)	
Net Sales	45.43 B JPY	**46.50 B JPY**	**+1.06**	+2.3%
Operating Profit	1.88 B JPY (4.1%)	**2.59 B JPY** (5.6%)	**+0.71**	+37.8%
Net Profit	0.69 B JPY	**1.34 B JPY**	**+0.65**	+94.0%

Point

Record-High H1 Net Sales

● Net Sales: **Revenue Increased** year on year

Japan (+) Expanded shipments of second-generation smart meters

Overseas (▲) Slow start to the “Legacy Meter Replacement Program” in Australia

(▲) The peak-out of the “Smart Meter Project” in the U.K.

● Operating Profit: **Profit Increased** year on year

Japan (+) Increased revenue and improved profitability of second-generation smart meters

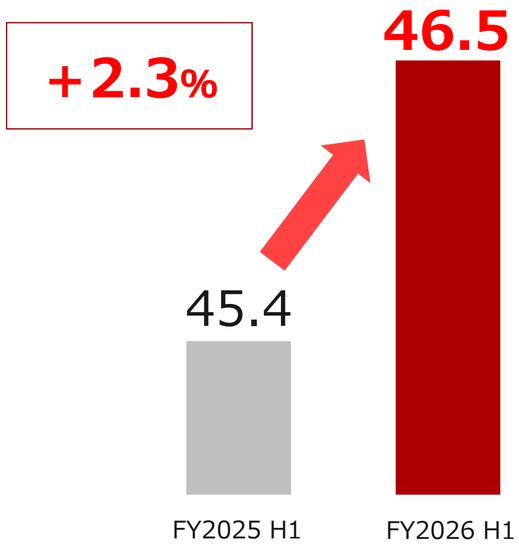
Overseas (+) Positive impact of increased sales from outstanding contracts in the Middle East & Africa

● Net Profit: **Profit Increased** year on year

(Recording of extraordinary losses (business restructuring expenses) in the same period last year)

Net Sales

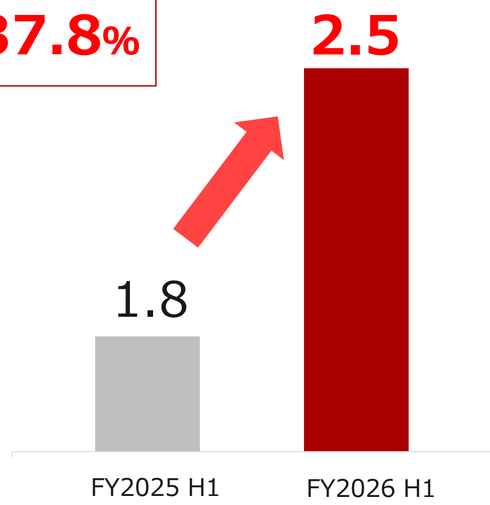
+2.3%



Operating Profit

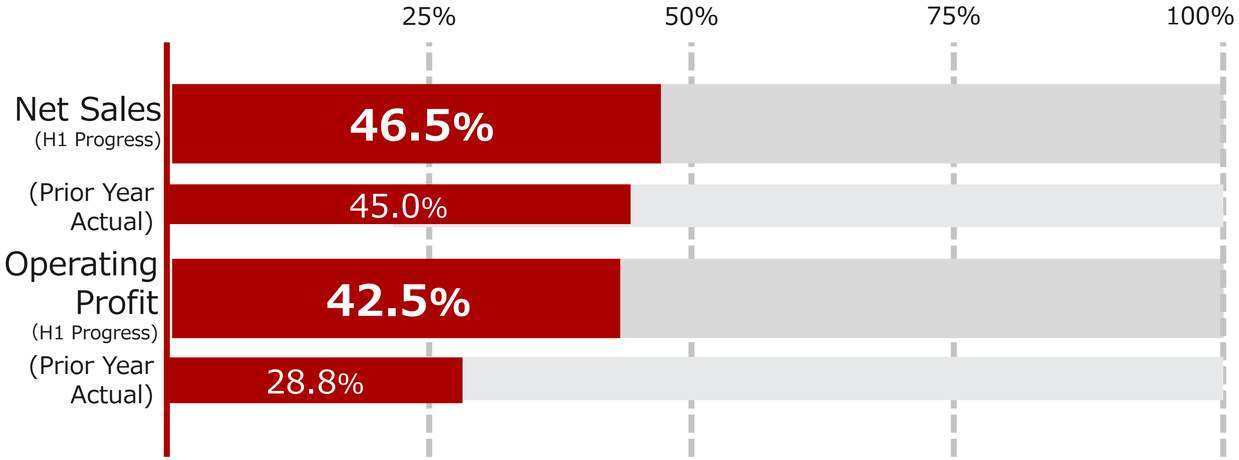
(Billion Yen)

+37.8%



H1 Progress

*H1 progress is measured against the revised forecast



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2. FY2026 H1 Financial Results (Consolidated)

YoY | Increased Sales and Profit

OSAKI

(Million Yen)

	FY2025 H1 Actual	FY2026 H1 Actual	Change		Key Factors Behind the Increase / Decrease
Net Sales	45,429	**46,496**	1,067	+2.3%	
Smart Meters & Solutions in Japan	26,611	**29,515**	2,903	+10.9%	
Smart Meter Business	18,388	**21,442**	3,053	+16.6%	Expanded shipments of second-generation smart meters (all first-generation in the same period of the previous year)
Solution Business	5,155	**4,602**	▲552	▲10.7%	GX services and smart locks increased revenue, while sluggish sales of non-utility meters had an impact
Switchgear Business	3,067	**3,470**	402	+13.1%	Steady demand from both electric utilities and industrial customers (data centers)
Smart Meters & Solutions Overseas	18,636	**16,833**	▲1,802	▲9.7%	
Oceania	7,820	**6,753**	▲1,067	▲13.7%	Shipments of the next-generation smart meter “NEOS” began; however, the first year of the Australian government-led “Legacy Meter Replacement Program” got off to a slow start
Europe (U.K.)	8,200	**7,107**	▲1,092	▲13.3%	The peak-out of the government-led “Smart Meter Project” (factored into the initial forecast)
Asia	2,003	**2,207**	204	+10.2%	Increased revenue due to orders received from existing customers in Hong Kong and other regions
The Middle East & Africa	611	**765**	154	+25.2%	Sales from outstanding contracts prior to the business withdrawal (completion of business withdrawal in FY2025)
Real Estate	182	**147**	▲34	▲18.9%	Decreased rental revenue due to the sale of real estate
Operating Profit	1,880	**2,591**	710	+37.8%	
Smart Meters & Solutions in Japan	1,328	**1,881**	553	+41.7%	Improved profitability driven by expanded shipments of second-generation smart meters
Smart Meters & Solutions Overseas	451	**591**	140	+31.0%	The impact of lower sales in Oceania and the U.K. was covered by the improved profitability from the introduction of “NEOS” and increased sales in other regions
Real Estate	113	**118**	4	+4.2%	—

Average Exchange Rates(JPY/USD)	148.40	**158.29**	FY2026 Initial Assumed Exchange Rate (JPY/USD)	155.00

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3. Results by Segment

Japan

YoY | Increased Sales and Profit

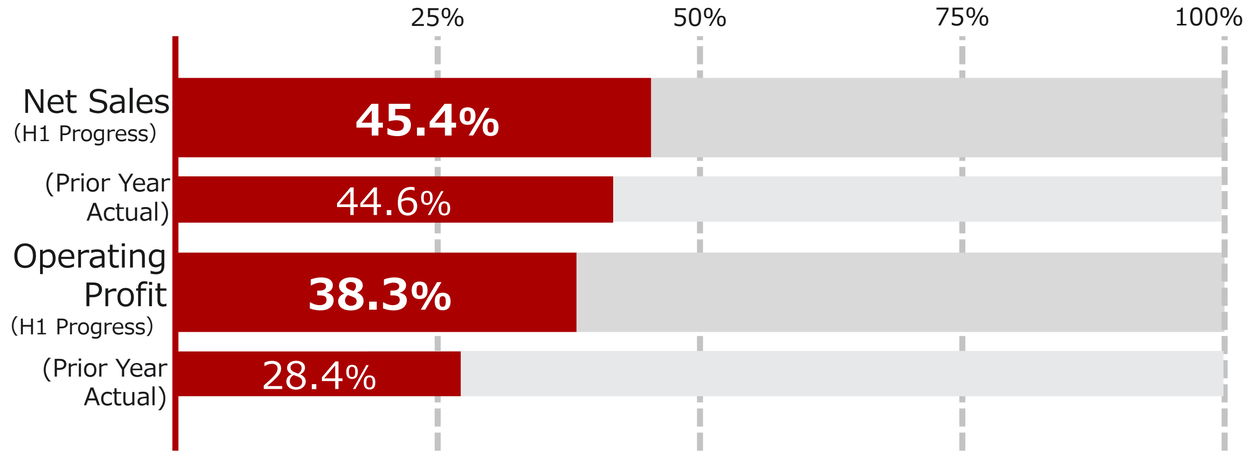
OSAKI

(Million Yen)

Smart Meters & Solutions in Japan * Figures after consolidation adjustments	FY2025 H1 Actual	FY2026 H1 Actual	Change		Key Factors Behind the Increase / Decrease
Net Sales	26,611	**29,515**	2,903	+10.9%	*Non-utility meter collectively refers to meter products distributed to customers other than electric power companies
Smart Meter Business	18,388	**21,442**	3,053	+16.6%	Expanded shipments of second-generation smart meters
Solution Business	5,155	**4,602**	▲552	▲10.7%	GX services and smart locks increased revenue through sales expansion; however, net sales decreased due to sluggish sales of non-utility meters* (Non-utility meters are expected to recover from the latter half of Q3) ・GX services: New customer acquisition and sales expansion to existing customers ・Smart locks: Sales expansion of new products for rental housing
Switchgear Business	3,067	**3,470**	402	+13.1%	Steady demand from both electric utilities and industrial customers (data centers)
Operating Profit	1,328	**1,881**	553	+41.7%	Despite the impact of rising raw material and component costs (mainly copper, petrochemical products, silver, and printed circuit boards), profit increased due to improved profitability driven by expanded shipments of second-generation smart meters and increased sales of switchgears, GX services, and smart locks

H1 Progress

*H1 progress is measured against the revised forecast



Key Factors Behind the Weak Performance of the Solution Business

【Non-utility Meters for Panel Manufacturers】

Ahead of the application of the Top Runner Program* standards to transformers, production of switchgears was brought forward to FY2025, resulting in a pullback in demand for non-utility meters, which are incorporated into switchgears. Recovery is expected from the latter half of Q3

*A program requiring manufacturers to meet government-mandated high-efficiency standards to improve the energy efficiency of transformers

【DC Meters】

The decline in demand following the completion of customers' investment cycles was greater than initially expected

【Centralized Meter Reading】

Sales declined following strong sales in the previous fiscal year. Delays in construction starts for apartment buildings, commercial buildings, and other properties, as well as extended construction periods, also affected sales in the current fiscal year

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3. Results by Segment

Overseas

YoY

Decreased Sales/Increased Profit

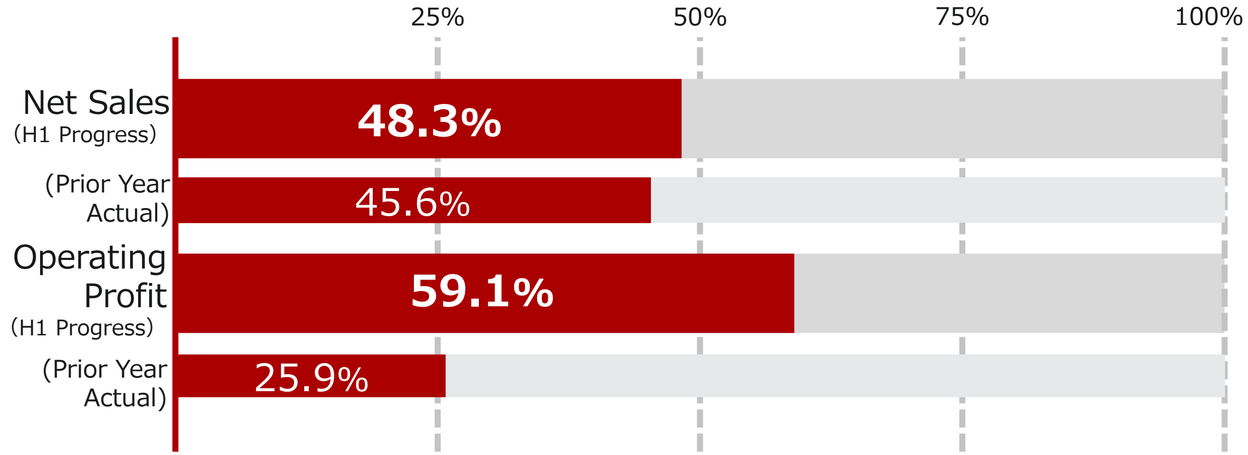
OSAKI

(Million Yen)

Smart Meters & Solutions Overseas * Figures after consolidation adjustments	FY2025 H1 Actual	FY2026 H1 Actual	Change		Key Factors Behind the Increase / Decrease
Net Sales	18,636	**16,833**	▲1,802	▲9.7%	
Oceania	7,820	**6,753**	▲1,067	▲13.7%	Shipments of the next-generation smart meter “NEOS” began; however, the first year (FY2026) of the Australian government-led “Legacy Meter Replacement Program” got off to a slow start
Europe (U.K.)	8,200	**7,107**	▲1,092	▲13.3%	In addition to lower sales following the peak of the U.K. government-led “Smart Meter Project,” results were affected by the postponement of some projects to H2 due to customer-related factors (The impact of lower sales following the project’s peak had already been factored into the initial forecast)
Asia	2,003	**2,207**	204	+10.2%	Increased revenue due to orders received from existing customers in Hong Kong and other regions
The Middle East & Africa	611	**765**	154	+25.2%	Recording of sales from the outstanding contracts in FY2025 (completion of business withdrawal in FY2025)
Operating Profit	451	**591**	140	+31.0%	The impact of lower sales in Oceania and the U.K. was offset by the improved profitability from the introduction of “NEOS”, increased sales in the Middle East & Africa and other regions, and cost reductions in the U.K., resulting in higher profit

H1 Progress

*H1 progress is measured against the revised forecast



Key Factors Behind the Weak Performance of the Oceania Business

- **The Australian government-led “Legacy Meter Replacement Program” started more gradually than initially expected**
  - ・The meter installation plan for FY2026 is conservative

  <Background>
  Difficulty in securing sufficient installation personnel. Installations to expand gradually in line with improvements in the proficiency of installation personnel
- **Major changes in customer trends in Oceania**
  - ・Changes in procurement policies of major customers

  Company A: Introduction of dual sourcing following the customer’s sale of its metering business to an investment fund
  Company B: A shift toward price-focused procurement decisions

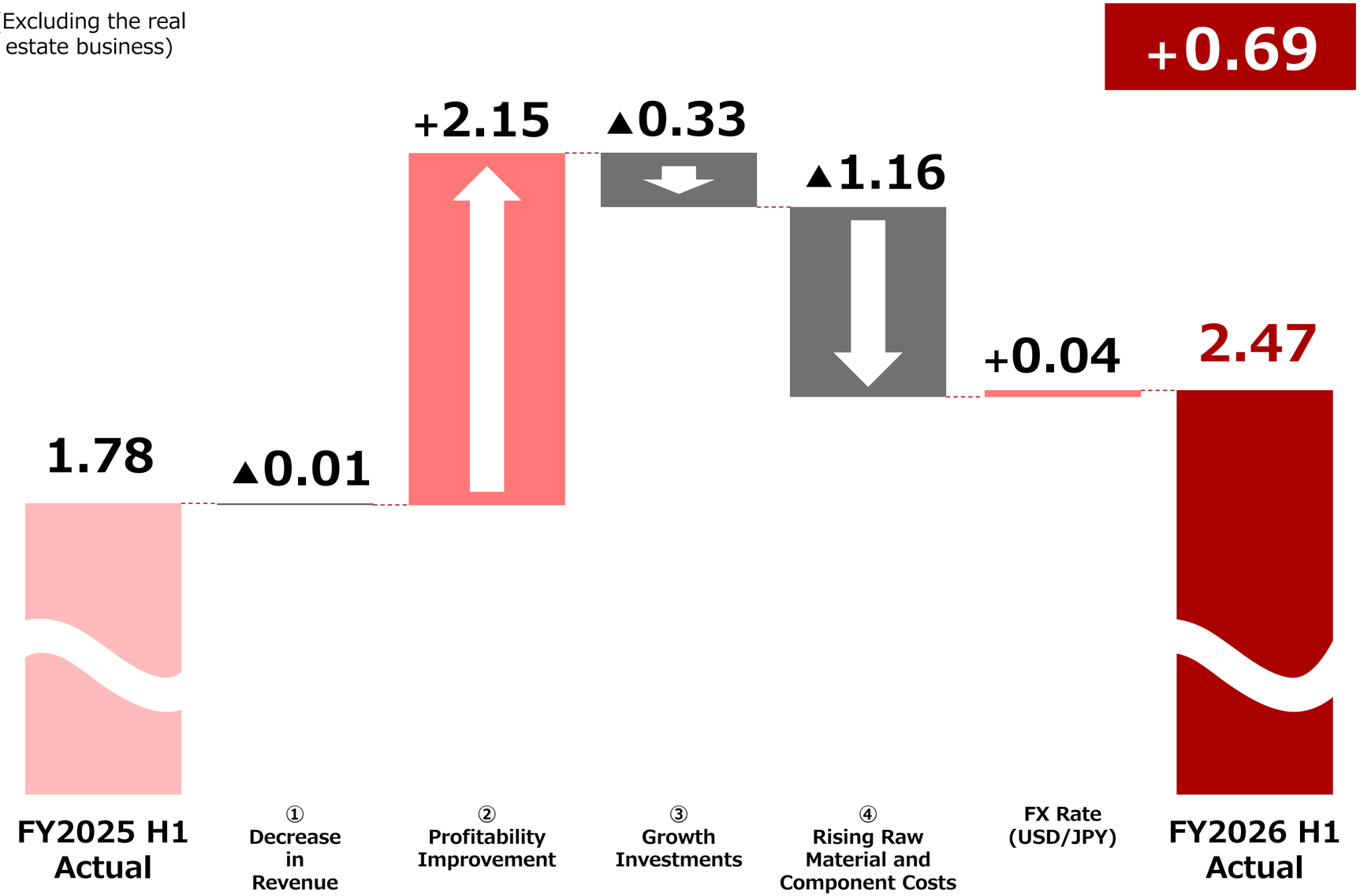
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4. Factors Affecting Operating Profit (Consolidated)

YoY | Increased Profit

(Excluding the real estate business)

(Billion Yen)



① Decrease in Revenue

Japan
(+) Increased revenue of second-generation smart meters
(▲) Decreased revenue in the Solution Business

Overseas
(▲) Decreased revenue in Oceania and the U.K.

② Profitability Improvement

Japan
(+) Improved profitability of smart meters (improved productivity, etc.)

Overseas
(+) Improved profitability from the introduction of NEOS
(+) High-margin orders in the Middle East & Africa, etc.
(+) Strengthened cost reductions in the U.K.

③ Growth Investments

Japan
(▲) Increased human capital and DX investments

Overseas
(▲) Expenses related to the evaluation of entry into the U.S. market, etc.

④ Rising Raw Material and Component Costs

Japan
(▲) Copper, Petrochemical Products, Silver, Printed Circuit Boards, etc.

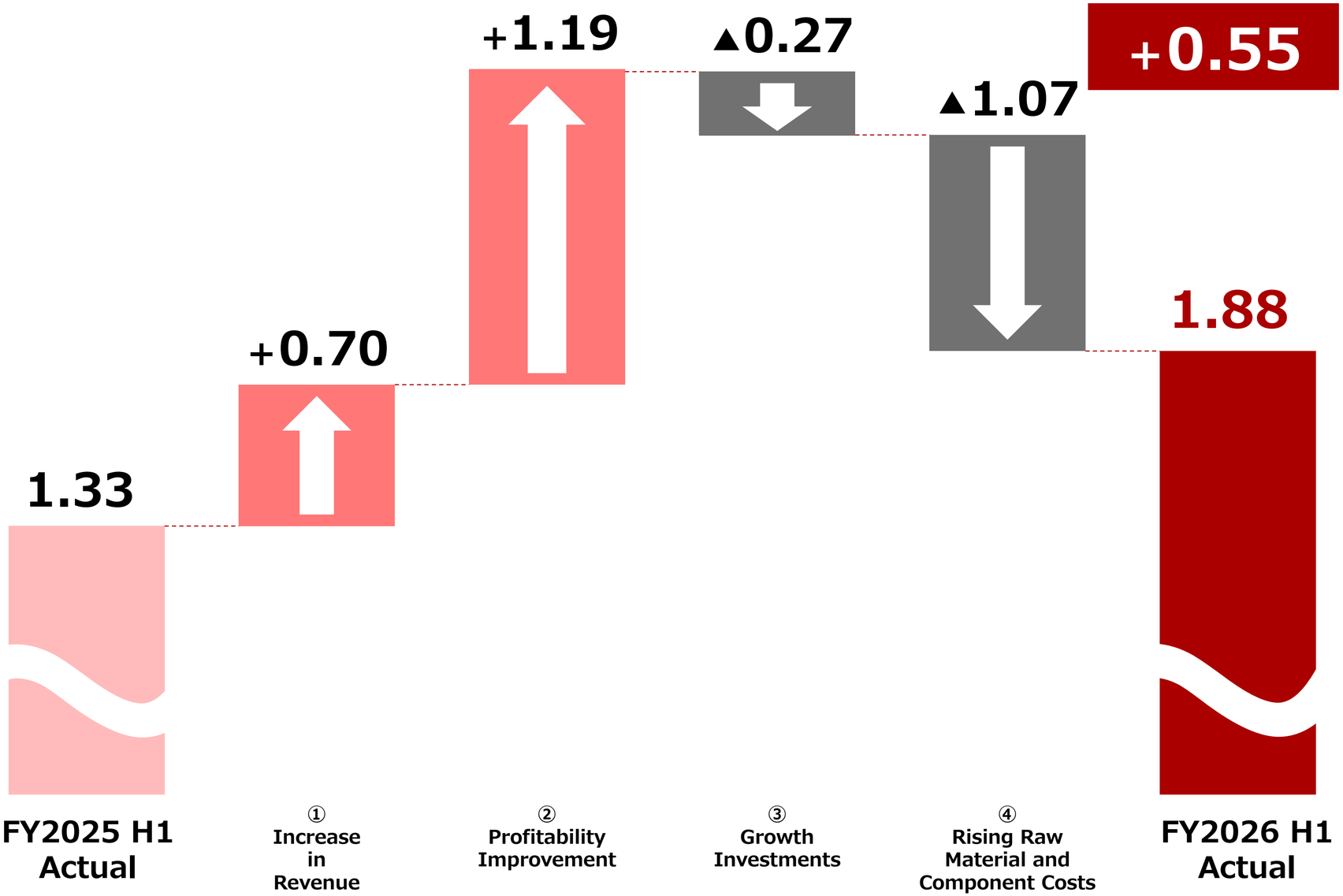
Overseas

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4. Japan Factors Affecting Operating Profit

YoY | Increased Profit

(Billion Yen)



① Increase in Revenue

(+) Increased revenue of second-generation smart meters

(+) Increased revenue in the switchgear business
(▲) Decreased revenue in the Solution Business

② Profitability Improvement

(+) Improved profitability of smart meters (improved productivity, etc.)

③ Growth Investments

(▲) Increased human capital and DX investments and R&D expenses

④ Rising Raw Material and Component Costs

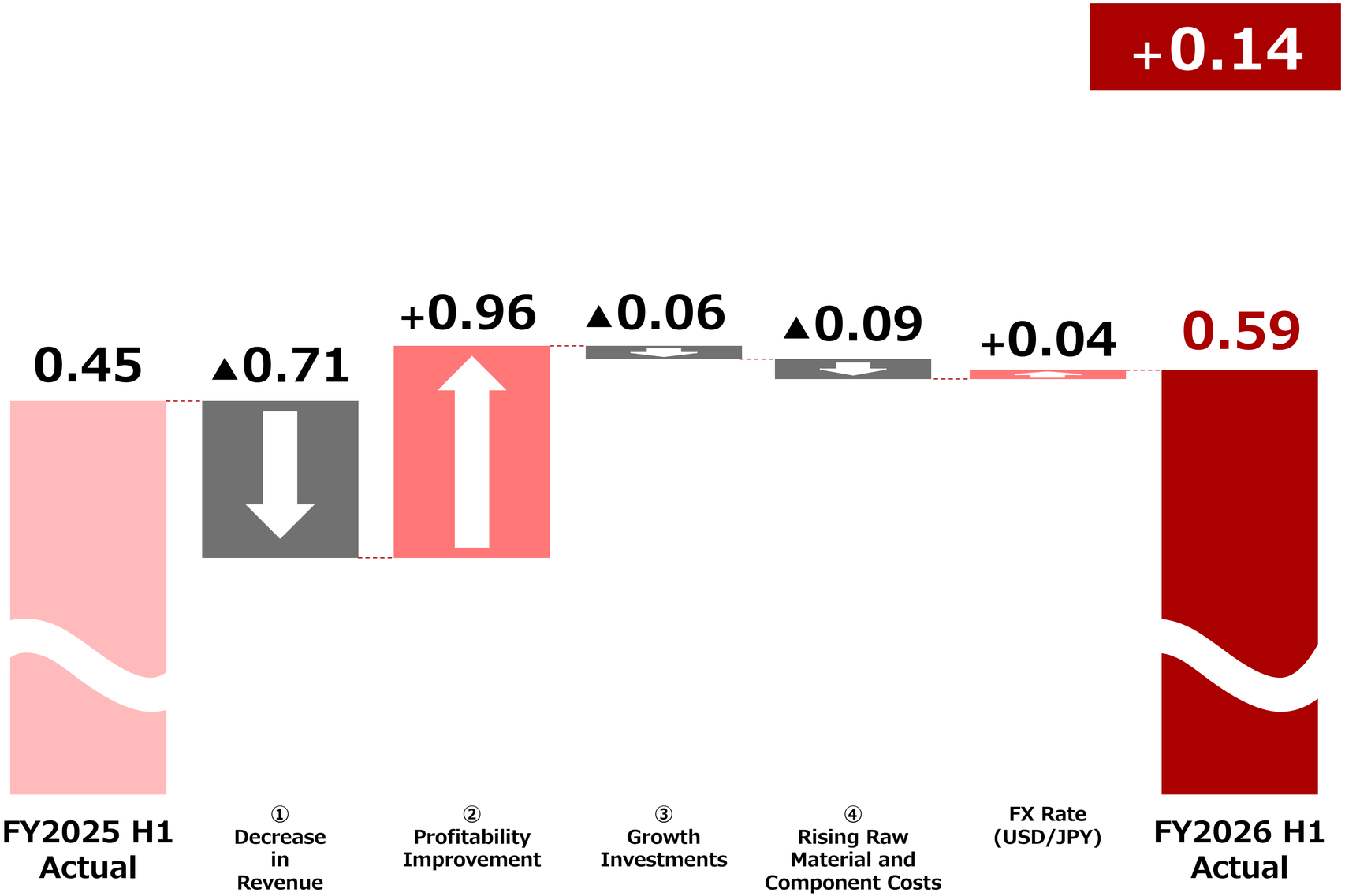
(▲) Copper, Petrochemical Products, Silver, Printed Circuit Boards, etc.

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4. Overseas Factors Affecting Operating Profit

YoY | Increased Profit

(Billion Yen)



① Decrease in Revenue

(▲) Decreased revenue in Oceania and the U.K.

② Profitability Improvement

(+) Improved profitability from the introduction of NEOS
(+) High-margin orders in the Middle East & Africa, etc.
(+) Strengthened cost reductions in the U.K.

③ Growth Investments

(▲) Expenses related to the evaluation of entry into the U.S. market, etc.

④ Rising Raw Material and Component Costs

(▲) Copper, Electronic Components, Printed Circuit Boards, etc.

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5. Major Impact of Rising Raw Material/Component Prices

Copper

Main Applications

- Smart meters (terminals)
- VCTs (coils), etc.
  (VCTs are for domestic operations only)

Impact on Current-Year Results

- A certain level of procurement cost increases has already been reflected in the full-year forecast (initial forecast announced in May)
- Although the rate of increase has moderated slightly, prices remain at a high level
- There is currently no impact on the procurement of materials required for production
- For overseas business, by outsourcing manufacturing to our EMS partner (Cicor), we aim to secure the required production volumes and reduce costs by leveraging its procurement capabilities

Petrochemical Products

Main Applications

- Smart meters (plastics for housings, terminals, etc.)
- Switchgear (Paint)
- Packing material (used for shipping), etc.

Impact on Current-Year Results

- Cost increases, mainly for resins, thinners, and paint, continue to exceed the level factored into the full-year forecast (initial forecast announced in May)
- We are striving to contain the impact of price increases through procurement initiatives and reviews of designs and processes. Future price trends also remain uncertain
- There is currently no impact on the procurement of materials required for production
- For overseas business, similar effects to those described on the left are expected

Printed circuit board

Impact on Current-Year Results

- Global supply of circuit board materials has tightened due in part to growing demand from data centers. This has affected the procurement of printed circuit boards, with prices rising sharply
- Cost increases will continue to exceed the level incorporated into the full-year forecast (initial forecast announced in May)
- There is currently no impact on the procurement of materials required for production
- Delivery times have become longer
- Higher prices are unavoidable in order to secure the required volumes
- For overseas business, as described on the left, we aim to mitigate the impact on production by leveraging Cicor's procurement capabilities

Status of Price Adjustments

Japan

- In response to the sharp progress of inflation, price revisions with some customers to be implemented in stages (from Q3 onward)
- For new bidding (for delivery in FY2027 and beyond), higher costs driven by rising raw material and component prices will be reflected in bidding prices
- In the Solution Business, selling price revisions based on individual customer contracts are being negotiated on an ongoing basis

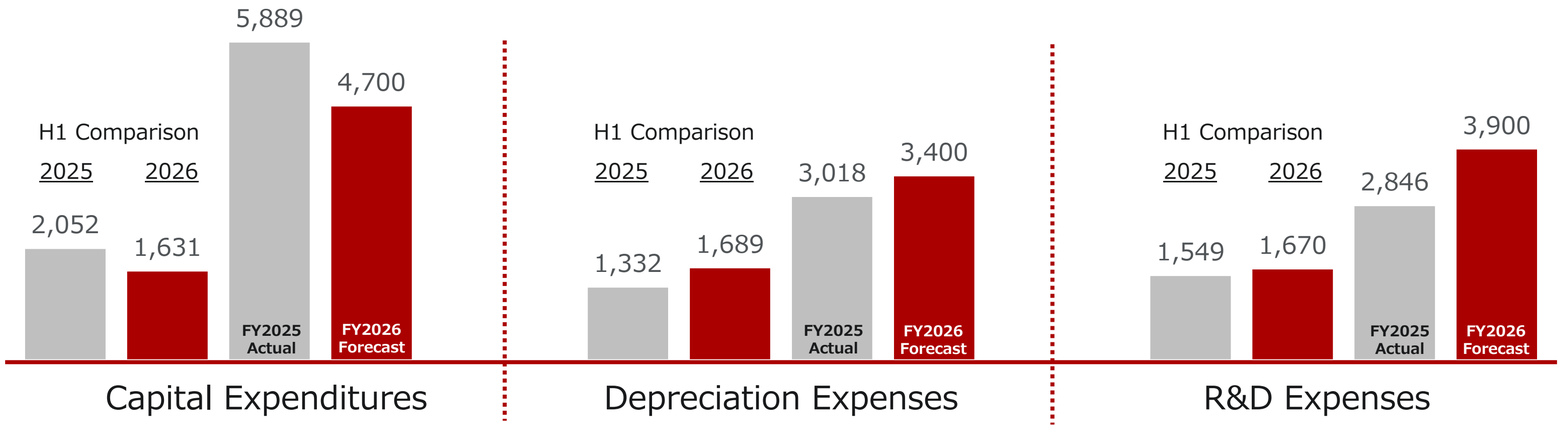
Overseas

- Continue negotiations on price adjustments based on individual customer contracts

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6. Capital Expenditures, Depreciation and R&D (H2/Full Year)

(Million Yen)



	FY2025 H1 Actual	**FY2026 H1 Actual**	Change		**FY2026 Forecast**
Capital Expenditures	2,052	**1,631**	▲420	▲20.5%	**4,700**
Depreciation Expenses	1,332	**1,691**	358	+26.9%	**3,400**
R&D Expenses	1,549	**1,670**	120	+7.8%	**3,900**

【FY2027 Forecast】

- Depreciation expenses are expected to decrease
- Capital expenditures and R&D expenses will be explained as part of “growth investments” and “foundation investments” in the next Mid-Term Management Plan

<FY2026 H1 Actual>

- **Capital Expenditures**
  Capital expenditures are expected to decrease in FY2026 as those for second-generation smart meters already peaked in FY2025
- **Depreciation Expenses**
  Depreciation expenses increased year on year due to higher depreciation related to second-generation smart meters from Q2 FY2025 onward. As most of these expenses are associated with molds (one-year depreciation period), depreciation expenses are expected to peak in FY2026
- **R&D Expenses**
  Increase in growth investments in the domestic business, primarily due to field test expenses for U.S. expansion

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7. Consolidated Balance Sheet

Balance Sheet

(Million Yen)

	End of FY2025	End of FY2026 H1	Change	Key Factors Behind the Increase/ Decrease	
Total Assets	99,821	**96,047**	▲3,773	Cash	▲2,529
Current Assets	58,786	**53,098**	▲5,687	Accounts receivable	▲4,039
Non-Current Assets	41,034	**42,949**	1,914	Inventories	115
Total Liabilities	30,986	**27,167**	▲3,819	Trade payables	▲1,850
Current Liabilities	23,610	**19,242**	▲4,368	Income taxes payable	▲1,967
Non-Current Liabilities	7,376	**7,925**	549	Other payables	▲647
Total Net Assets	68,834	**68,880**	45	Retained earnings	▲77
Equity	56,791	**56,666**	▲124	Purchase of treasury shares	▲1,884
Non-Controlling Interests	11,576	**11,825**	249		
Other	466	**388**	▲78		
Equity Ratio	56.9%	**59.0%**	2.1pt.		

【Assets】

- Cash decreased due to share repurchases, dividend payments, etc.
- Accounts receivable decreased due to collections in Japan and overseas

【Liabilities】

- Trade payables decreased due to payments to suppliers overseas
- Income taxes payable decreased due to the payment of taxes related to the sale of real estate in the previous fiscal year

【Net assets】

- Retained earnings decreased due to dividend payments
- Deduction for treasury shares increased due to share repurchases

● Equity Ratio 59.0%

The target level for the equity ratio is under consideration for inclusion in the “Capital Strategy” of the next Mid-Term Management Plan

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2 FY2026 Financial Forecast

[vs. Initial Forecast]

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1. FY2026 Financial Forecast Highlights

vs. Initial Forecast | Decreased Sales and Profit

	FY2026 Initial Forecast	FY2026 Revised Forecast	Change (Billion Yen)	
Net Sales	101.0 B JPY	**100.0 B JPY**	▲10	▲1.0%
Operating Profit	8.1 B JPY (8.0%)	**6.1 B JPY** (6.1%)	▲20	▲24.7%
Net Profit	4.8 B JPY	**3.0 B JPY**	▲18	▲37.5%

Point

● Net Sales: **Below** the initial forecast

Japan (+) Expanded shipments of second-generation smart meters

Overseas (▲) Lower sales of non-utility meters and smart locks, as well as lower sales at the subsidiary (ENEGATE)

(▲) Lower sales due to shifts in the timing of water meter shipments in Australia, changes in some customers' procurement policies, and shifts in the timing of meter installation plans, etc.

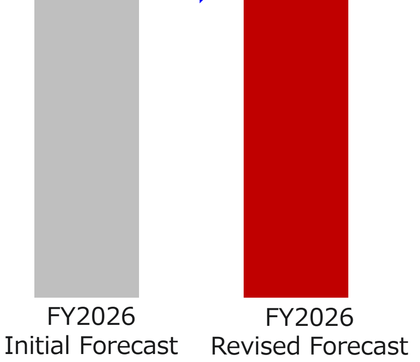
● Operating Profit: **Below** the initial forecast

Japan (▲) Lower sales at the subsidiary (ENEGATE), lower sales of non-utility meters and smart locks, rising raw material and component costs, etc.

Overseas (▲) Impact of lower sales in Australia, rising raw material and component costs, profitability deterioration on certain projects, and postponement of benefits from outsourced production

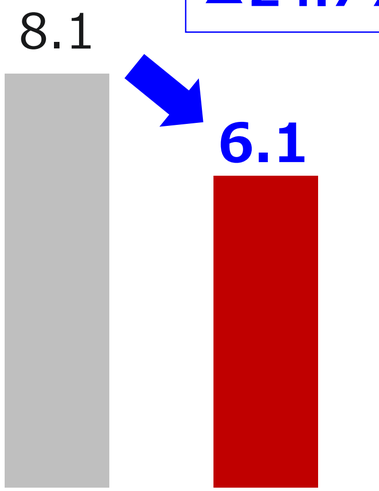
● Net Profit: **Below** the initial forecast

Net Sales ▲1.0%



(Billion Yen)

Operating Profit ▲24.7%



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2. FY2026 Financial Forecast (Consolidated)

vs. Initial Forecast | Decreased Sales and Profit

OSAKI

(Million Yen)

	FY2026 Initial Forecast	FY2026 Revised Forecast	Change		FY2026 H1 Actual	FY2026 H2 Forecast
Net Sales	101,000	**100,000**	▲1,000	▲1.0%	46,496	53,504
Smart Meters & Solutions in Japan	65,000	**64,900**	▲100	▲0.2%	29,515	35,385
Smart Meter Business	42,500	**43,700**	1,200	+2.8%	21,442	22,258
Solution Business	13,500	**11,500**	▲2,000	▲14.8%	4,602	6,898
Switchgear Business	9,000	**9,700**	700	+7.8%	3,470	6,230
Smart Meters & Solutions Overseas	35,700	**34,800**	▲900	▲2.5%	16,833	17,967
Oceania	17,000	**15,100**	▲1,900	▲11.2%	6,753	8,347
Europe	12,950	**13,600**	650	+5.0%	7,107	6,493
Asia	5,000	**5,100**	100	+2.0%	2,207	2,893
The Middle East & Africa*	750	**1,000**	250	+33.3%	765	235
Real Estate	300	**300**	0	0.0%	147	153
Operating Profit	8,100	**6,100**	▲2,000	▲24.7%	2,591	3,509
Smart Meters & Solutions in Japan	5,200	**4,900**	▲300	▲5.8%	1,881	3,019
Smart Meters & Solutions Overseas	2,800	**1,000**	▲1,800	▲64.3%	591	409
Real Estate	100	**200**	100	100.0%	118	82

Assumed Exchange Rates (JPY/USD)	155.00	**158.67**

Net Sales

Japan

(+) Expanded shipments of second-generation smart meters
(▲) Net sales decreased slightly due to lower shipments in the Solution Business (non-utility meters, smart locks) and at the subsidiary (ENEGATE), etc.

Overseas

(+) Strong gas meter sales in the U.K.
(▲) Net sales decreased due to shifts in the timing of water meter shipments in Oceania, revisions to procurement policies by some major customers, and shifts in the timing of meter installation plans, etc.

Operating Profit

Japan

(+) Positive impact of increased sales of second-generation smart meters
(▲) Profit decreased as this was offset by lower sales at the subsidiary (ENEGATE), a delayed recovery in demand for non-utility meters, and higher costs due to rising raw material and component costs, etc.

Overseas

(+) Positive impact of increased sales in the Middle East & Africa and reduced SG&A expenses through organizational restructuring
(▲) Profitability deterioration on certain projects (outside Oceania)
(▲) Impact of lower sales due to shifts in the timing of water meter shipments in Oceania, etc.
(▲) Higher costs due to rising raw material and component costs, etc.
(▲) Postponement of benefits from outsourced production, etc., resulting in decreased profit

* In the initial forecast, sales for “The Middle East & Africa” were recorded under “Europe (U.K.)”

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3. Subsegments Forecasts

Japan

vs. Initial Forecast

Decreased Sales and Profit

(Million Yen)

Smart Meters & Solutions in Japan * Figures after consolidation adjustments	FY2026 Initial Forecast	FY2026 Revised Forecast	Change		Key Factors Behind the Increase / Decrease
Net Sales	65,000	**64,900**	▲100	▲0.2%	
Smart Meter Business	42,500	**43,700**	1,200	+2.8%	Net sales increased due to expanded shipments of second-generation smart meters, despite lower shipments at the subsidiary (ENEGATE)
Solution Business	13,500	**11,500**	▲2,000	▲14.8%	GX services increased revenue, while net sales decreased as sales of non-utility meters and smart locks fell short of plan ・Non-utility meters（▲）: Delayed recovery in demand from panel manufacturers, and lower demand for DC meters and centralized meter reading ・GX services （+） : Steady progress in sales expansion to existing customers and new customer acquisition ・Smart locks（▲） : Fell short of the initial plan despite efforts to expand sales of new products
Switchgear Business	9,000	**9,700**	700	+7.8%	Demand remained at a high level
Operating Profit	5,200	**4,900**	▲300	▲5.8%	Fell short of the initial forecast due to lower sales at the subsidiary (ENEGATE), as well as lower sales of non-utility meters and smart locks and higher raw material and component costs, despite the positive impact of increased sales of second-generation smart meters

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3. Subsegments Forecasts

Overseas

vs. Initial Forecast

Decreased Sales and Profit

(Million Yen)

Smart Meters & Solutions Overseas * Figures after consolidation adjustments	FY2026 Initial Forecast	**FY2026 Revised Forecast**	Change		Key Factors Behind the Increase / Decrease
Net Sales	35,700	**34,800**	▲900	▲2.5%	
Oceania	17,000	**15,100**	▲1,900	▲11.2%	Net sales decreased due to shifts in the timing of water meter shipments, changes in some customers' procurement policies, and shifts in the timing of meter installation plans, etc. (All of the above relate to Australia)
Europe (U.K.)	12,950	**13,600**	650	+5.0%	Strong sales of gas meters
Asia	5,000	**5,100**	100	+2.0%	In line with the initial forecast
The Middle East & Africa	750	**1,000**	250	+33.3%	Recording of sales from the outstanding contracts in FY2025 (completion of business withdrawal in FY2025)
Operating Profit	2,800	**1,000**	▲1,800	▲64.3%	Despite the positive impact of increased sales in regions other than Oceania, results fell short of the initial forecast due to lower sales in Australia, rising raw material and component costs, profitability deterioration on certain projects (outside Oceania) and the postponement of benefits from outsourced production

Assumed Exchange Rates (JPY/USD)	155.00	**158.67**

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4. Strategy for Earnings Recovery in Oceania (Key Themes)

■ Further strengthening our high market share

- Expand value-added services for customers (outage management, power quality reporting, more frequent data transmission, etc.)
- Propose ways to optimize customers' operating costs
- Strengthen our appeal to customers' procurement departments to maximize order share under dual sourcing
- Strategic pricing aligned with each customer's procurement policy, etc.

■ Strengthening profitability

- Accelerate the shift from the previous model (ATLAS) to the new model (NEOS) to improve profitability
- Improve profitability through closer collaboration with our contract manufacturing partner
- Strengthen price adjustment negotiations based on each customer's situation, etc.



Next-generation smart meter "NEOS"

■ Ensuring the above measures deliver results

- The COO of the Overseas Division also serves as head of the Oceania region. Designating Oceania as a priority region, we will focus first on strengthening relationships with customers' procurement departments and enhancing R&D functions, among other initiatives
- Head office in Japan also monitors progress on these measures monthly through the Global Strategy Meeting, and dispatches strategy staff to the region for each theme to support the COO's operations

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5. Factors Affecting Operating Profit (Consolidated)

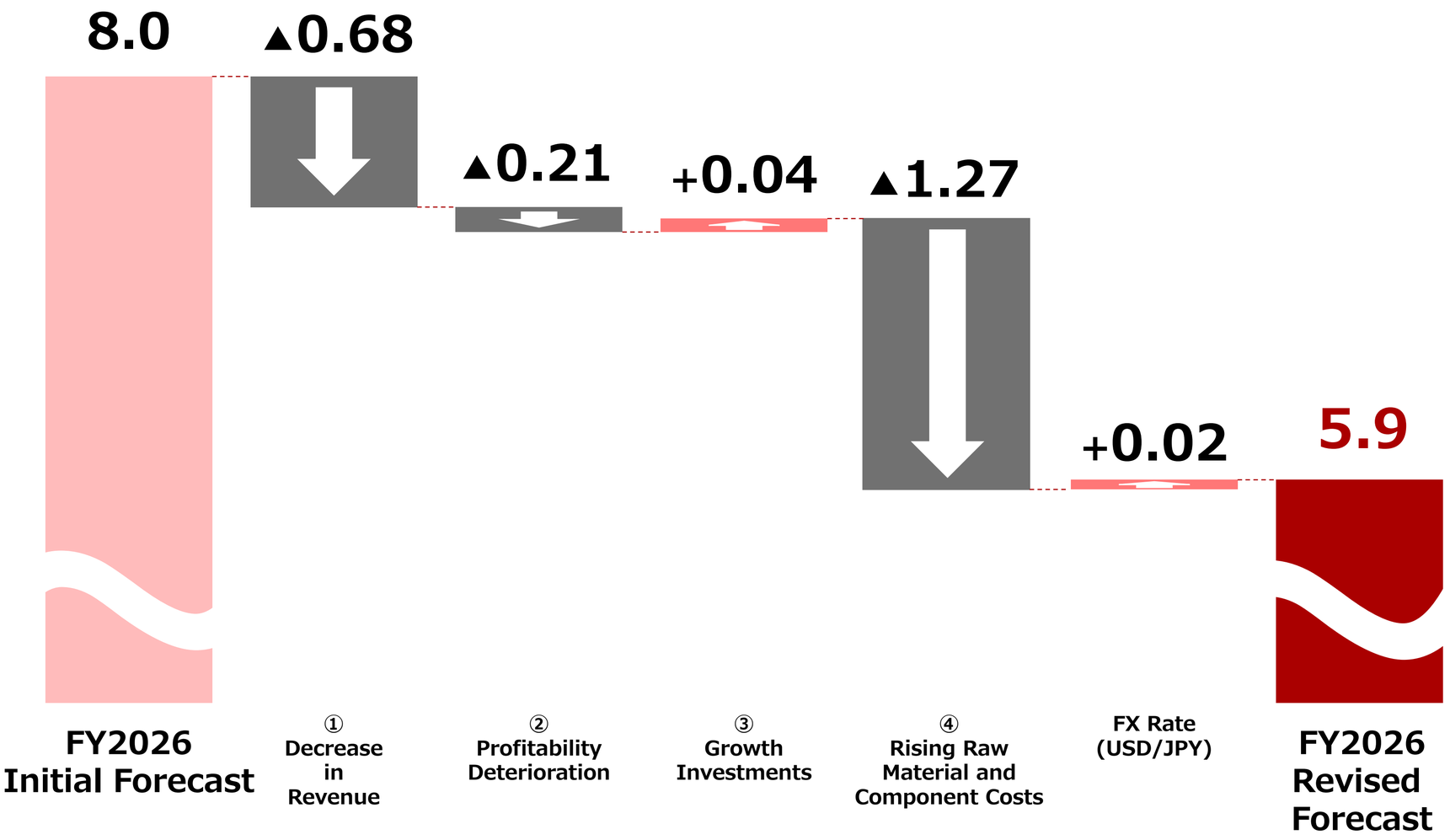
vs. Initial Forecast | Decreased Profit

OSAKI

(Excluding the real estate business)

(Billion Yen)

▲2.1



① Decrease in Revenue

Japan (▲) Decreased revenue in the Solution Business in Japan

Overseas (▲) Decreased revenue in Oceania

② Profitability Deterioration

Japan (+) Improved profitability of smart meters (improved productivity, etc.)

Overseas (▲) Profitability deterioration on certain projects
(▲) Increased transportation costs (in response to the rapid expansion in demand)
(▲) Postponement of benefits from outsourced production

③ Growth Investments

Japan (▲) Human capital and DX investments and R&D expenses

Overseas (+) Curtailment of certain development investments

④ Rising Raw Material and Component Costs

Japan (▲) Copper, Petrochemical Products, Silver, Printed Circuit Boards, etc.

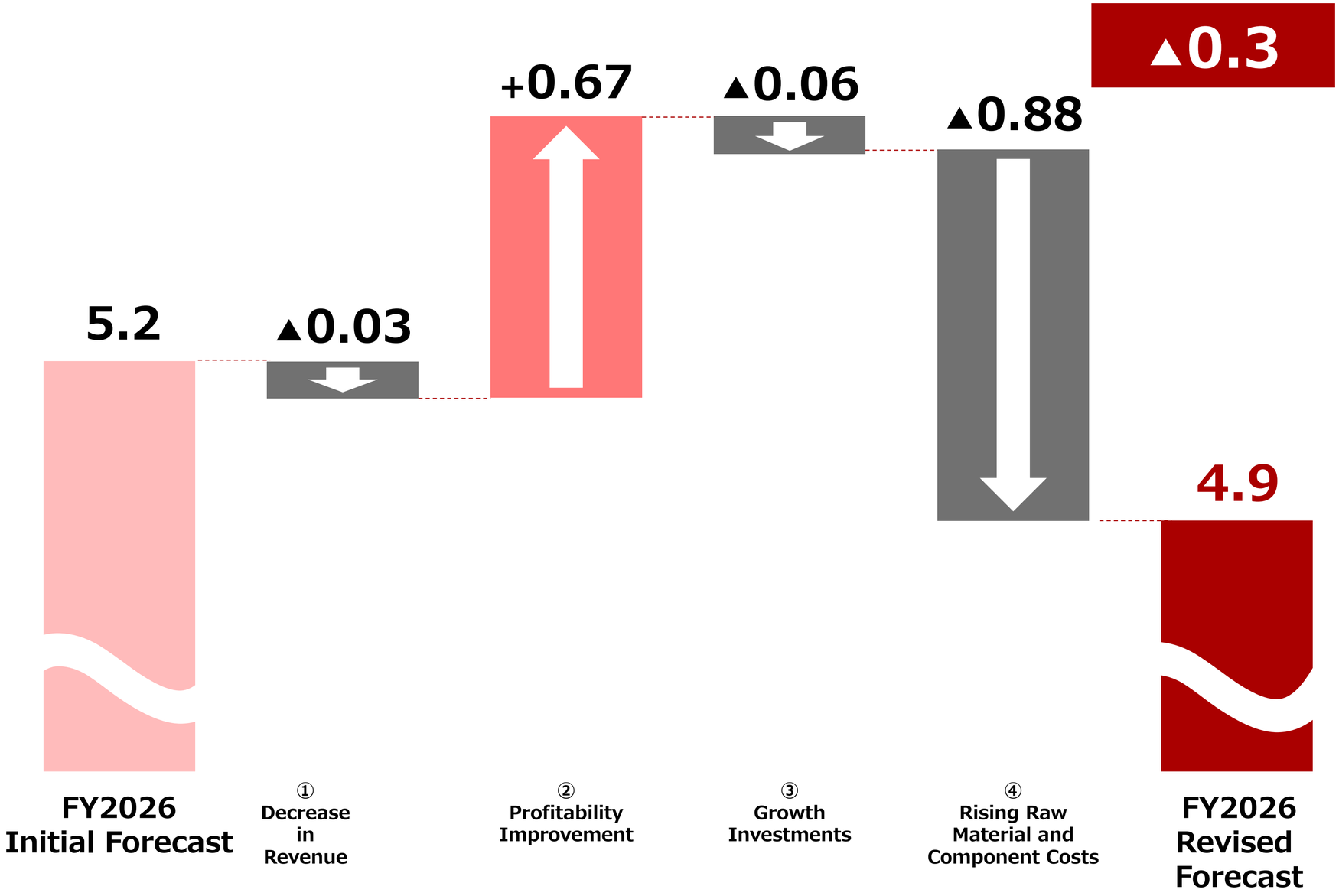
Overseas

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5. Japan Factors Affecting Operating Profit

vs. Initial Forecast | Decreased Profit

(Billion Yen)



① Decrease in Revenue

(+) Expanded shipments of second-generation smart meters

(▲) Delayed recovery in demand for non-utility meters, decreased revenue from smart locks

(▲) Decreased revenue at the subsidiary (ENEGATE)

② Profitability Improvement

(+) Improved profitability of smart meters (improved productivity, etc.)

③ Growth Investments

(▲) Increased human capital and DX investments and R&D expenses

④ Rising Raw Material and Component Costs

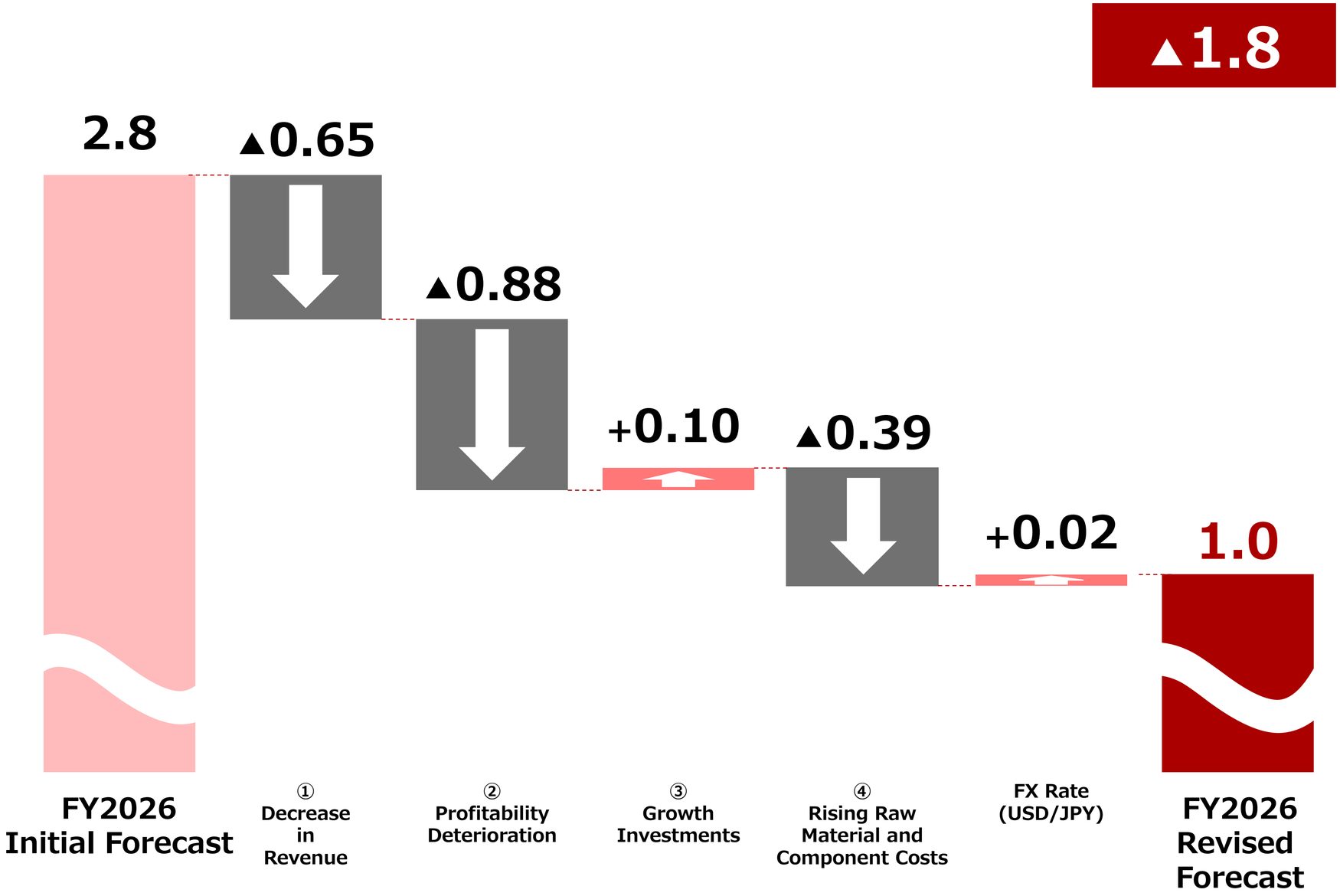
(▲) Copper, Petrochemical Products, Silver, Printed Circuit Boards, etc.

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5. Overseas Factors Affecting Operating Profit

vs. Initial Forecast | Decreased Profit

(Billion Yen)



① Decrease in Revenue

(▲) Decreased revenue in Oceania
- Shifts in the timing of water meter shipments
- Changes in some customers' procurement policies and shifts in the timing of meter installation plans

② Profitability Deterioration

(▲) Profitability deterioration on certain projects
(▲) Increased transportation costs (in response to the rapid expansion in demand)
(▲) Postponement of benefits from outsourced production
(▲) Lower profit margins due to product mix

③ Growth Investments

(+) Curtailment of certain development investments

④ Rising Raw Material and Component Costs

(▲) Copper, Electronic Components, Printed Circuit Boards, etc.

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3 FY2026 Financial Forecast

[vs. Previous Fiscal Year]

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1. FY2026 Financial Forecast (Consolidated)

YoY | Decreased Profit

OSAKI

(Million Yen)

	FY2025 Actual	FY2026 Revised Forecast	Change	
Net Sales	100,900	**100,000**	▲900	▲0.9%
Smart Meters & Solutions in Japan	59,707	**64,900**	5,192	+8.7%
Smart Meter Business	40,274	**43,700**	3,425	+8.5%
Solution Business	11,379	**11,500**	120	+1.1%
Switchgear Business	8,053	**9,700**	1,646	+20.4%
Smart Meters & Solutions Overseas	40,862	**34,800**	▲6,062	▲14.8%
Oceania	15,880	**15,100**	▲780	▲4.9%
Europe	15,342	**13,600**	▲1,742	▲11.4%
Asia	4,846	**5,100**	253	+5.2%
The Middle East & Africa	4,793	**1,000**	▲3,793	▲79.1%
Real Estate	330	**300**	▲30	▲9.2%
Operating Profit	6,526	**6,100**	▲426	▲6.5%
Smart Meters & Solutions in Japan	4,676	**4,900**	223	+4.8%
Smart Meters & Solutions Overseas	1,743	**1,000**	▲743	▲42.6%
Real Estate	103	**200**	96	+92.4%

Assumed Exchange Rates (JPY/USD)	149.61	**158.67**

Net Sales

Japan

(+) Contribution from expanded shipments of second-generation smart meters and increased switchgear revenue, etc.
(Full-scale launch of second-generation meters began in Q4 FY2025, and they will contribute for the full year in FY2026)
(▲) Decreased revenue from non-utility meters and smart locks

Overseas

(▲) Shifts in the timing of water meter shipments in Oceania and decreased orders from some customers
(▲) Decreased orders following the peak-out of the U.K. “Smart Meter Project”
(▲) Decreased orders following the withdrawal from the Middle East, etc.

Operating Profit

Japan

(+) Profit increased due to the positive impact of increased sales of second-generation smart meters and switchgears
(▲) Impact of lower sales overseas (Oceania, U.K.) and decreased revenue due to the withdrawal from the Middle East & Africa
(▲) Increased growth investments and rising raw material and component prices

Overseas

(+) Improved profitability from the introduction of NEOS
(+) High-margin projects in the Middle East & Africa
(+) Strengthened cost reductions in the U.K., etc.
(▲) Growth investments (expenses for evaluating entry into the U.S. market, etc.)
(▲) Rising raw material and component prices, etc.

*The increase in profit in the real estate business was mainly due to a decrease in taxes and dues following the sale of real estate in the previous fiscal year

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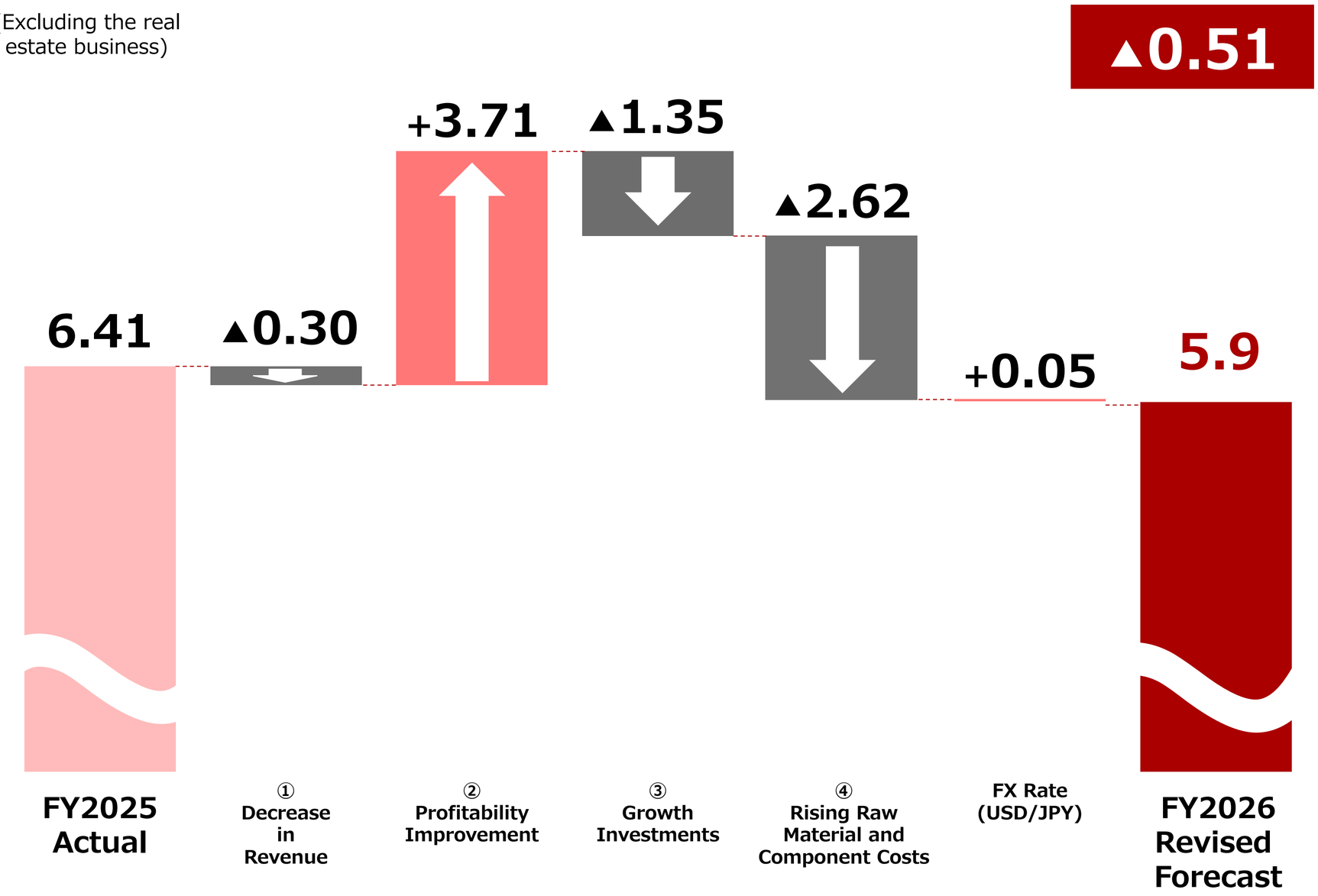
2. Factors Affecting Operating Profit (Consolidated)

YoY | Decreased Profit

OSAKI

(Excluding the real estate business)

(Billion Yen)



① Decrease in Revenue

Japan
- (+) Expanded shipments of second-generation smart meters
- (+) Increased revenue in the switchgear business
- (▲) Decreased revenue from non-utility meters and smart locks

Overseas
- (▲) Decreased revenue in Oceania
- (▲) Decreased revenue in the U.K.
- (▲) Decreased revenue due to the withdrawal from the Middle East & Africa

② Profitability Improvement

Japan
- (+) Improved profitability of smart meters

Overseas
- (+) Improved profitability from the introduction of NEOS
- (+) High-margin orders in the Middle East & Africa, etc.
- (+) Strengthened cost reductions in the U.K.

③ Growth Investments

Japan
- (▲) Increased human capital and DX investments and R&D expenses

Overseas
- (▲) Expenses related to the evaluation of entry into the U.S. market, etc.

④ Rising Raw Material and Component Costs

Japan

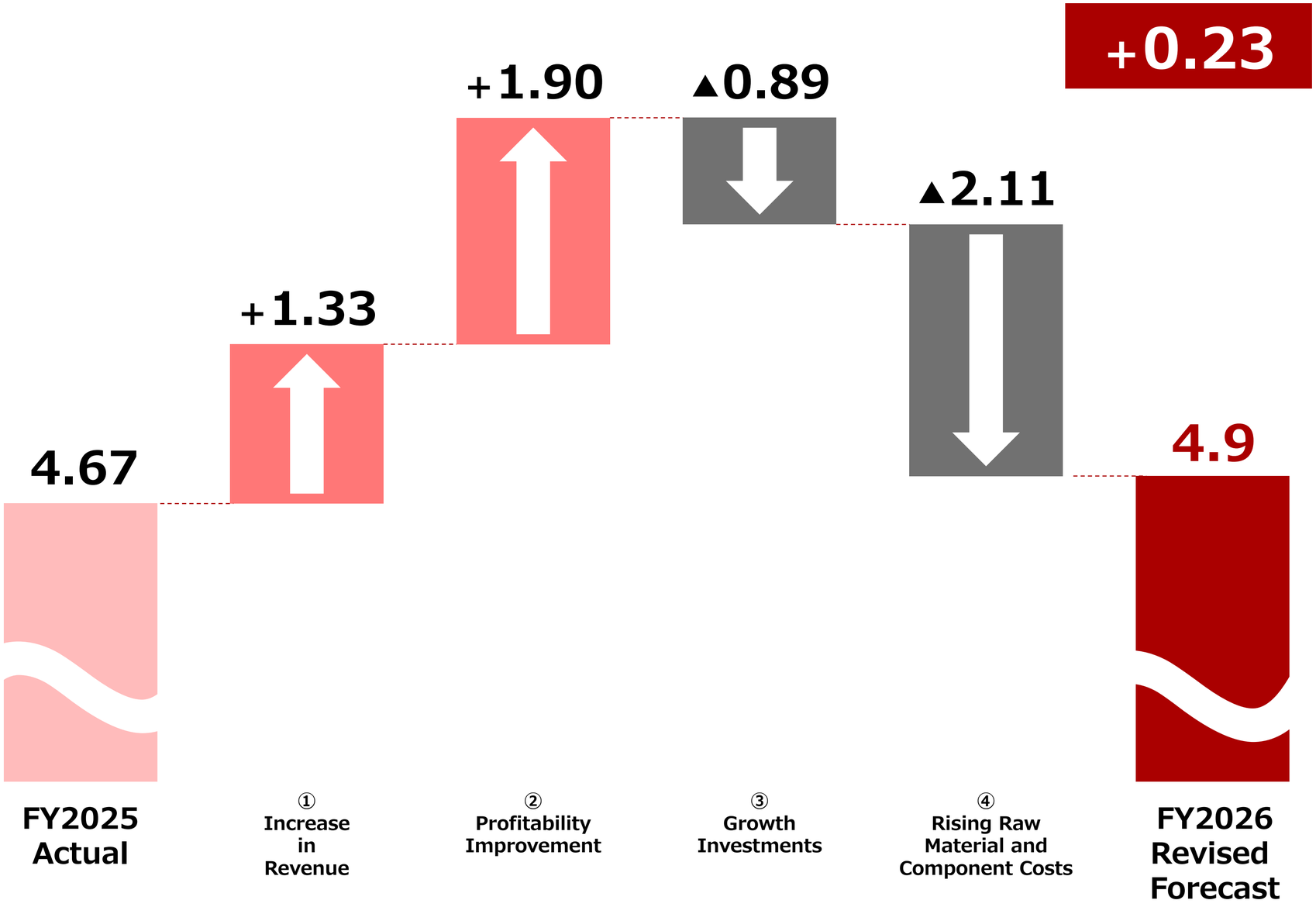
Overseas
- (▲) Copper, Petrochemical Products, Silver, Printed Circuit Boards, etc.

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2. Japan Factors Affecting Operating Profit

YoY | Increased Profit

(Billion Yen)



① Increase in Revenue

(+) Expanded shipments of second-generation smart meters
(+) Increased revenue in the switchgear business
(▲) Decreased revenue from non-utility meters and smart locks

② Profitability Improvement

(+) Improved profitability of smart meters (improved productivity, etc.)
(+) Positive impact of increased revenue in the switchgear business

③ Growth Investments

(▲) Increased human capital and DX investments and R&D expenses

④ Rising Raw Material and Component Costs

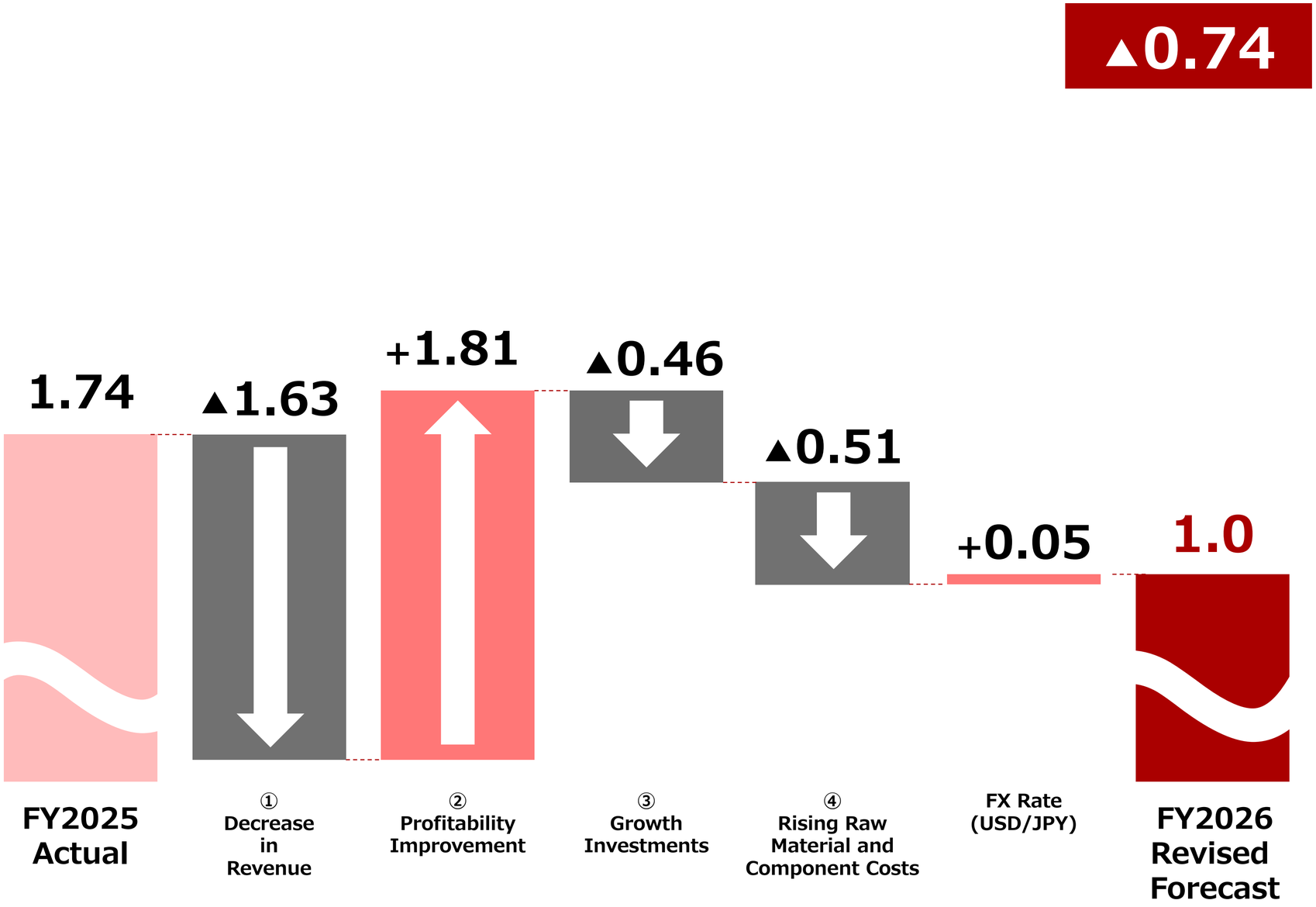
(▲) Copper, Petrochemical Products, Silver, Printed Circuit Boards, etc.

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2. Overseas Factors Affecting Operating Profit

YoY Decreased Profit

(Billion Yen)



① Decrease in Revenue

(▲) Decreased revenue in Oceania
- Shifts in the timing of water meter shipments
- Changes in some customers' procurement policies, shifts in the timing of meter installation plans, etc.

(▲) Decreased revenue in the U.K.
(▲) Decreased revenue due to the withdrawal from the Middle East & Africa

② Profitability Improvement

(+) Improved profitability from the introduction of NEOS
(+) High-margin orders in the Middle East & Africa, etc.
(+) Strengthened cost reductions in the U.K.

③ Growth Investments

(▲) Expenses related to the evaluation of entry into the U.S. market, etc.

④ Rising Raw Material and Component Costs

(▲) Copper, Electronic Components, Printed Circuit Boards, etc.

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3. H2 Sales Forecast by Subsegment ①

Smart Meter Business in Japan

<Net Sales>

(Billion Yen)

FY2025 H1 Actual	FY2026 H1 Actual	Change	FY2025 H2 Actual	FY2026 H2 Forecast	Change	FY2026 Initial Forecast	FY2026 Revised Forecast	Change
18.4	**21.4**	3.0	21.9	**22.2**	0.3	42.5	**43.7**	1.2

H1 Actual

- Shipments of second-generation smart meters expanded (installation volume increased)
- Profit benefited from the replacement to highly profitable second-generation smart meters and improved capacity utilization driven by expanded shipments
- Continued a margin-focused order-intake strategy

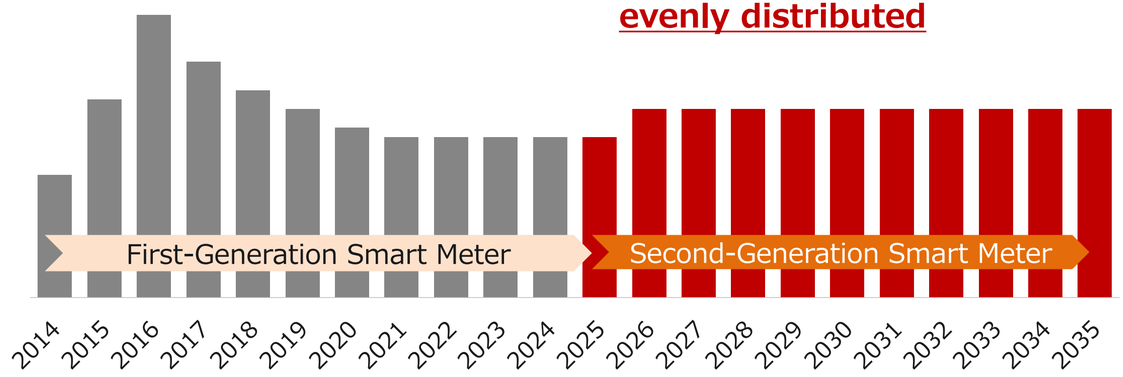
H2/FY2026 Forecast

- Although some customers will shift the timing of smart meter shipments in H2, net sales are expected to remain above the same period of the previous year, with full-year results exceeding the initial forecast (shipments shifted to FY2027)
- In response to rapid inflation, prices for certain customers will be revised in stages from Q3 onward

Demand Trends for Smart Meters

Demand is expected to increase further from FY2025 to FY2026, followed by a smoothing of demand thereafter

Smart Meter Sales Volume (Illustrative)



*Bar heights are illustrative and do not represent actual volumes or the capital investment plans of individual electric utilities

① Past fluctuation: Early introduction followed by smoothing

Installations were concentrated between 2015 and 2018 in response to electricity retail market liberalization. From FY2020 to FY2024, the smoothing of installation volumes and the transition to first-generation meters progressed

② FY2025–FY2026: Full-scale introduction of second-generation meters

Full-scale sales of second-generation meters are replacing sales of first-generation meters (Gradually replaced to the second generation starting in Q3 FY2025)

③ FY2027–FY2034: Demand outlook reflecting the smoothing of installations

Sales volumes are expected to remain roughly even, reflecting the smoothing of installation volumes by electric utilities

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3. H2 Sales Forecast by Subsegment ②

Solution Business in Japan

<Net Sales>

(Billion Yen)

FY2025 H1 Actual	FY2026 H1 Actual	Change	FY2025 H2 Actual	FY2026 H2 Forecast	Change	FY2026 Initial Forecast	FY2026 Revised Forecast	Change
5.2	**4.6**	▲0.5	6.2	**6.9**	0.7	13.5	**11.5**	▲2.0

H1 Actual

- Non-utility meters:
  - Meters for panel manufacturers: Pullback in demand due to the application of the Top Runner Program standards
  - DC meters : The decline in demand following the completion of customers' investment cycles was greater than expected
  - Centralized meter reading : Sales declined following strong sales in the previous fiscal year. Delayed construction starts for apartment buildings, commercial buildings, and other properties, as well as extended construction periods, also affected sales in the current fiscal year
- GX services : Acquisition of new customers and expanded sales to existing customers
- Smart locks : Expanded sales of new products for rental housing

H2/FY2026 Forecast

- Non-utility meters: Demand from panel manufacturers is expected to recover in the latter half of Q3. DC meters and Centralized meter reading remain weak
- GX services : Strengthen the acquisition of new customers and expanded sales to existing customers
- Smart locks : Smart lock sales tend to be concentrated in H2, when move-ins and move-outs at rental properties increase. Sales are expected to be similarly weighted toward H2 this fiscal year

Switchgear Business in Japan

<Net Sales>

(Billion Yen)

FY2025 H1 Actual	FY2026 H1 Actual	Change	FY2025 H2 Actual	FY2026 H2 Forecast	Change	FY2026 Initial Forecast	FY2026 Revised Forecast	Change
3.1	**3.5**	0.4	5.0	**6.2**	1.2	9.0	**9.7**	0.7

H1 Actual

- Demand from both electric utilities and industrial customers (including data centers) remained at a high level
- Improved profitability through selective order intake focused on high-margin projects
- With factories operating at full capacity, improved capacity utilization also contributed to profit

H2/FY2026 Forecast

- Demand will remain at a high level despite delayed construction starts and extended construction periods due to an increase in large-scale industrial projects (large commercial facilities, etc.)
- We will continue to aim to improve profitability through selective order intake focused on high-margin projects, maintaining high capacity utilization, and leveling production

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3. H2 Sales Forecast by Subsegment ③

Smart Meter Business Overseas (Oceania)

<Net Sales>

(Billion Yen)

FY2025 H1 Actual	**FY2026 H1 Actual**	Change	FY2025 H2 Actual	**FY2026 H2 Forecast**	Change	FY2026 Initial Forecast	**FY2026 Revised Forecast**	Change
7.8	**6.8**	▲1.0	8.1	**8.3**	0.2	17.0	**15.1**	▲1.9

H1 Actual

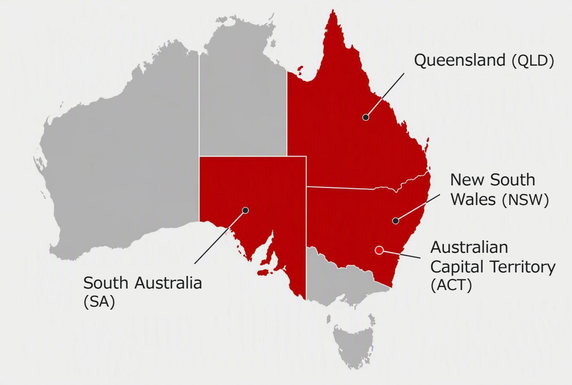
- The Australian government-led “Legacy Meter Replacement Program” started more gradually than initially expected
  → The meter installation plan for FY2026 is conservative
- Major changes in customer trends
  - Significant changes in major customers’ procurement policies
    → Introduction of dual sourcing, a shift toward price-focused procurement decisions, etc.

H2/FY2026 Forecast

- Progress on the “Legacy Meter Replacement Program” will remain slow
  (Total installation volume until 2030 will remain unchanged, so volume is expected to expand from the next fiscal year)
- Shifts in the timing of water meter projects to the next fiscal year, etc., are also a factor behind lower sales
- Aim to improve profitability by increasing the share of the next-generation smart meter “NEOS,” which has a higher profit margin than the current model (Cost reductions through common platform design and improved production efficiency)

Overview of the Australian Smart Meter Market

Market size and replacement demand



- Approximately 80% of Australia’s electricity demand is concentrated in eastern Australia
- Smart meter penetration in the four major eastern regions is approx. 40%
- Significant room remains for replacement of conventional meters

Number of meters in the four eastern regions

Approx. 9 million

Smart meter penetration rate (four eastern regions)

Approx. 40%

(Company estimate)

Transaction structure (EDMI’s position)

Distribution utility	Develop a meter replacement plan for each fiscal year
Electricity retailer	Sell electricity to households and businesses Select an MC and determine the number of meters to be outsourced
Metering coordinator (MC)	Own meters and handle their installation and maintenance Procure meters from EDMI
EDMI	**Supply meters to MCs**

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3. H2 Sales Forecast by Subsegment ④

Smart Meter Business Overseas (Europe)

<Net Sales>

(Billion Yen)

FY2025 H1 Actual	FY2026 H1 Actual	Change	FY2025 H2 Actual	FY2026 H2 Forecast	Change	FY2026 Initial Forecast	FY2026 Revised Forecast	Change
8.2	**7.1**	▲1.0	7.1	**6.5**	▲0.6	13.0	**13.6**	0.6

H1 Actual

- Sales fell below the same period of the previous year due to the gradual decrease in sales following the peak of the U.K. government-led “Smart Meter Project” (factored into the initial forecast) and shifts in the timing of some projects to H2 due to customer-related reasons
  - The project is expected to continue through 2030
- In line with the decline in sales, cost reductions were strengthened through the optimization of SG&A expenses, etc.

H2/FY2026 Forecast

- In H2, sales will continue to decrease gradually following the peak of the government-led “Smart Meter Project,” in line with the initial forecast (operating profit will also decrease gradually)
- Increased sales of gas meters, while electricity meter sales will decrease
- Full-year net sales are expected to decrease year on year but exceed the initial forecast

Smart Meter Business Overseas (Asia)

<Net Sales>

(Billion Yen)

FY2025 H1 Actual	FY2026 H1 Actual	Change	FY2025 H2 Actual	FY2026 H2 Forecast	Change	FY2026 Initial Forecast	FY2026 Revised Forecast	Change
2.0	**2.2**	0.2	2.8	**2.9**	0.1	5.0	**5.1**	0.1

H1 Actual

- Sales exceeded the same period of the previous year due to orders received from existing customers in Hong Kong and other regions

H2/FY2026 Forecast

- In H2, sales are expected to be on par with the same period of the previous year due to orders received from Cambodia (an increase in sales compared with H1)
- Full-year net sales are expected to increase slightly year on year, in line with the initial forecast

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4 Shareholder Returns

- Maintaining the FY2025 level for FY2026 dividends
- Acquisition of treasury shares (disclosed on November 5)

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1. Strengthening Shareholder Returns (Dividend Forecast and Share Repurchase)

Dividend Forecasts (FY2026)

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

Maintain the FY2025 dividend level

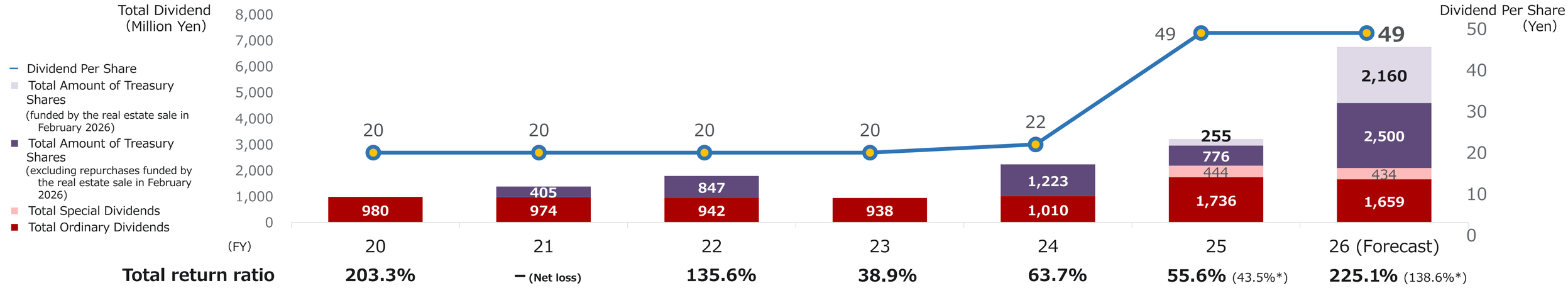
Share Repurchase

	FY2024 - FY2025	FY2026 (Disclosure on November 5)	
Total Number of Shares	Approx. 2.46 million shares	1.5 million shares (maximum)	2.0 million shares (maximum)
Total Amount of Price	Approx. 2.0 billion yen	2.5 billion yen (maximum)	3.0 billion yen (maximum)
Period	From August 2024 to August 2025	From February 2026 to September 2026	From November 2026 to April 2027

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%



* Excluding shareholder returns funded by the real estate sale in February 2026

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2. Review of Cash Allocation (FY2024 – FY2026)

● **Revision of Cash Allocation Following the Share Repurchase (Changes from the previously announced figures are indicated within the red dashed box)**

The amounts in parentheses represent the increase/decrease from the figures announced in May 2026

Cash Inflows

Net Cash

End of March 2024
6.1 B JPY

Operating Cash Flow

37.3 B JPY
(+0.6 B JPY)

Sale of Strategic Shareholdings

2.1 B JPY

Sale of Real Estate

7.7 B JPY

Cash Outflows

Working Capital (Allocation Ratio) (12.2%)

6.5 B JPY

Growth Investments Foundation Investments (47.4%)

25.2 B JPY

Shareholder Returns (27.3%)

Dividends
(Including dividends to non-controlling shareholders)

7.6 B JPY

Share Repurchase
6.9 B JPY (+2.4 B JPY)

Utilization in the Next Mid-Term Management Plan* (13.2%)

7.0 B JPY (▲1.8 B JPY)

Growth Investments **9.6 B JPY** (Allocation Ratio) (24.2%)

● **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** (39.3%)

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

Shareholder Returns **14.5 B JPY** (36.5%)

● **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 5.96 million shares and approximately JPY 6.9 billion

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

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Appendix

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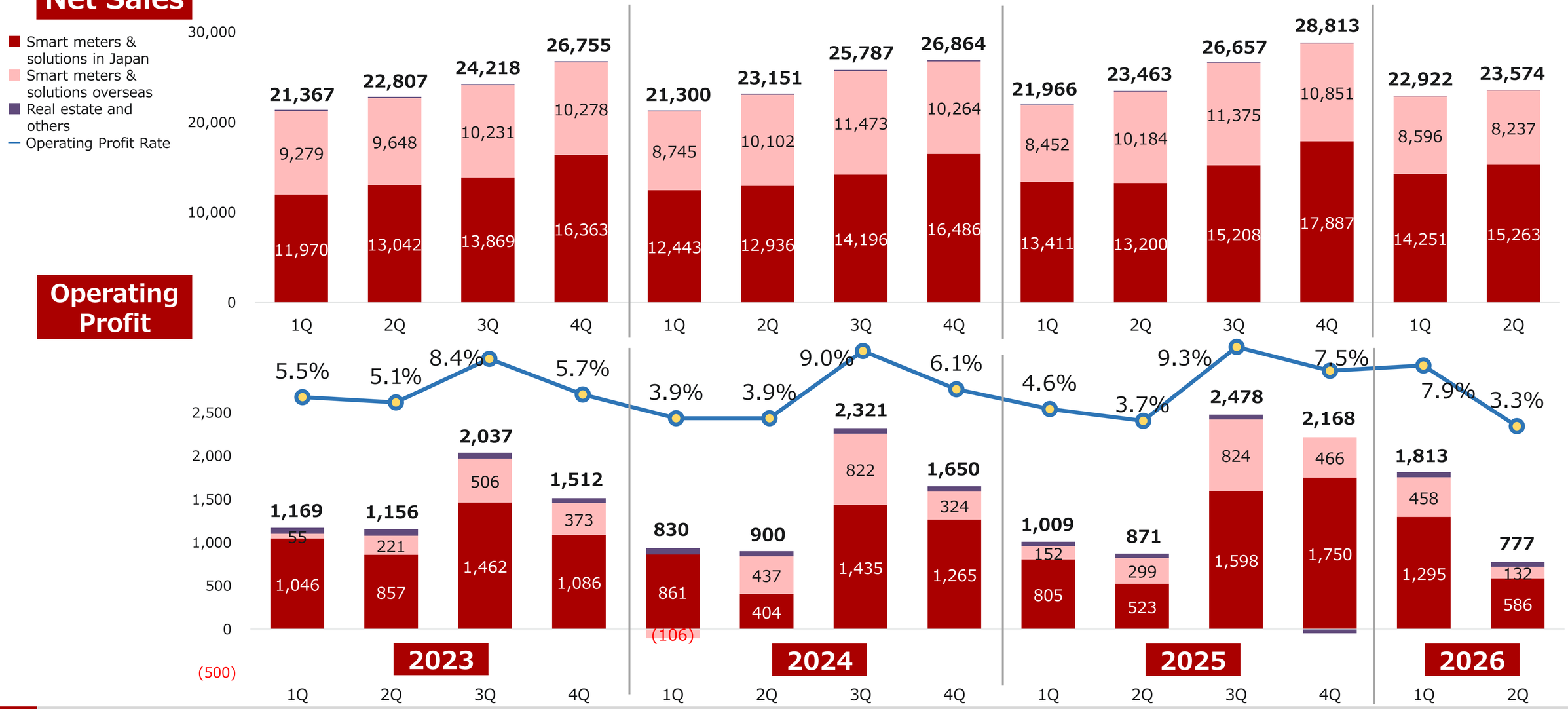
1. Quarterly Net sales and Operating Profit Trends

- Net Sales: Customers' capital investment tends to become more active toward the fiscal year-end, and net sales tend to increase in the H2 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

(Million Yen)

Net Sales

Operating Profit



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

Key Solutions

- ***NEOS Solution***
  - ・Smart meters + upper-level systems
  - ・“NEOS” compliant with U.S. standards

Market Environment

- **Growing demand for solutions for the measurement, monitoring, and control of electricity**
  - ・Increase in power demand (expansion of AI usage)
  - ・Enhance control through the integration of distributed energy resources with existing power grids
  - ・Strengthening resilience (recovery capability)　etc.
- **The rollout of next-generation grid solutions is underway**

Target

- **Local electric utilities (approximately 3,000 utilities)**
  - ・Market size is approximately **10** times that of Australia
  - ・Enter the segments where support from major competitors is limited

Our Competitive Advantages

- **Development capabilities, sales capabilities, and quality underpinning our high market share in Oceania**
  - ・Real-time data measurement and collection technologies
  - ・Customer-centric, “problem-solving” sales model
  - ・Track record of providing smart meter solutions

Schedule

2025	2026	2027	2028
Establish and launch local operations (completed)	**Commence field tests (multiple electric utilities)**	Complete assessment of business viability	Plan to commence production and sales

Progress status

Field tests commenced as initially planned

- **Field tests**
  - ・Continue field tests with multiple local electric utilities through the next fiscal year
- **Development of “NEOS” compliant with U.S. standards**
  - ・Leverage development assets and quality management systems in Oceania
- **Establishment of a local office**
  - ・Strengthen marketing activities

▼ EDMI smart meters actually installed in field tests



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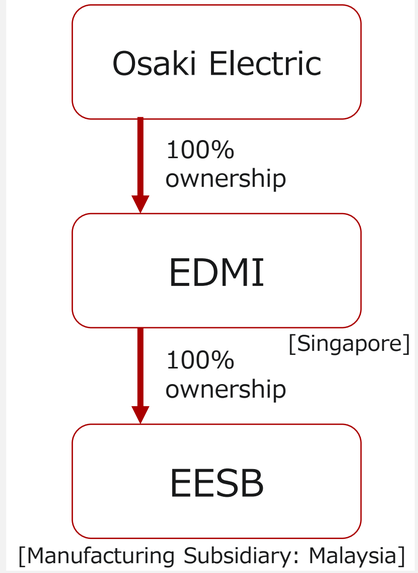
3. Overseas Manufacturing Strategy (Transition to an Asset-Light Manufacturing Model)

- **Transfer production capabilities for key overseas markets to an EMS (Electronics Manufacturing Services) partner**
- **EDMI will focus management resources on its core competencies (including the development of products, software, edge intelligence, and grid solutions)**

Overall Scheme

Current

Asset-Owning Manufacturing Model



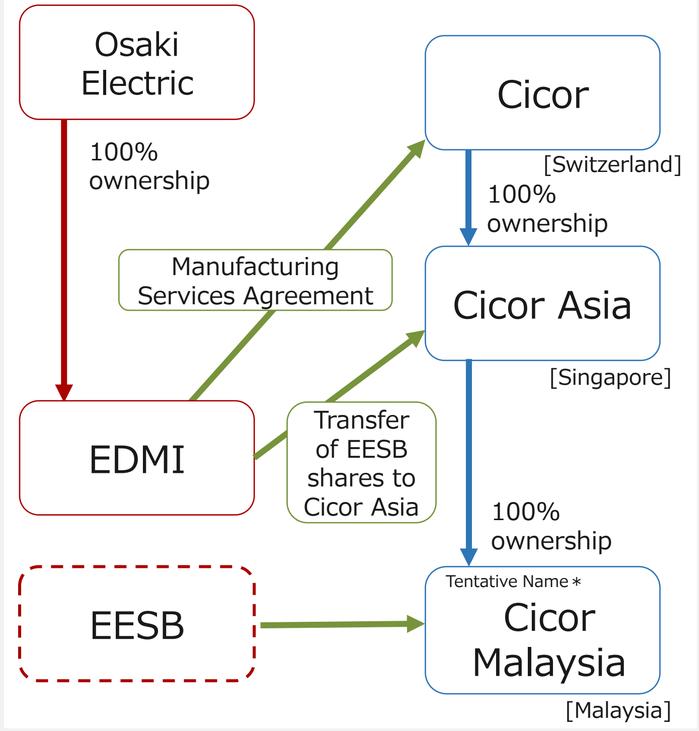
After Transition to a Contract Manufacturing Structure

Asset-Light Manufacturing Model

Measures Implemented

① Transfer EESB shares to Cicor Asia

② Enter into a Manufacturing Services Agreement between EDMI and Cicor



- For further details, please refer to the timely disclosure dated July 28, 2026, entitled "Toward Improving Capital Efficiency through Asset-Light Strategy and Optimizing Manufacturing Operations "

Expected Benefits

[Current] Asset-Owning Manufacturing Model → [After Transition] Asset-Light Manufacturing Model

① Focus on Areas of Competitive Advantage

EDMI will concentrate management resources on solution development

② Improved Capital Efficiency

Reduce capital expenditure requirements, compress inventory assets, and optimize working capital

③ Improved Profitability and Free Cash Flow

Improve earnings and free cash flow, including lower manufacturing costs through the consolidation of contract manufacturers and reduced interest expenses

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4. Expected External Environment and Risk/Opportunity Responses ①

Expected External Environment	Major Expected Risks [R] and Opportunities [O]	Key Countermeasures
【Short-term】 Decrease in the availability of raw materials and components due to the prolonged situation in the Middle East	【R】・Shortage of raw materials and components ・Prolongation of procurement lead times 【R】Supply chain disruptions	・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.)
【Short-term】 Increase in costs due to rising crude oil prices (raw material prices, fuel costs, logistics costs, etc.)	【O】Growing demand for energy efficiency 【R】Increases in raw material and logistics costs	・Expand sales of meters (DC meters) and GX (green transformation)-related products and services ・Pass on costs appropriately to selling prices ・Strengthen cost reduction initiatives ・Promote logistics efficiency and strengthen inventory management
【Short-term】 Uncertainty in foreign exchange fluctuations	【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	・Expand the application and increase the flexibility of forward exchange contracts ・Review materials used, modify designs, and establish alternative technologies assuming higher prices for imported materials
【Short-term】 Semiconductor memory shortage	● The semiconductor memory, which is globally reported to be in shortage, is of a different specification category from that used by OSAKI Group as end of 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	
【Short-term】 Structural increase in personnel expenses	【O】Growing demand for labor-saving solutions 【R】Profit pressure from rising personnel expenses	・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

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4. Expected External Environment and Risk/Opportunity Responses ②

Expected External Environment	Major Expected Risks [R] and Opportunities [O]	Key Countermeasures
【Short-term】 Enhancement of corporate governance and disclosure requirements	**【O】** Strengthening corporate governance capable of meeting market expectations → Improvement in market evaluation from a non-financial perspective **【R】** Decline in market evaluation due to delays in initiatives	・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
【Short-term】 Rising domestic interest rate levels	**【R】** ・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 switchgear, 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	・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
【Short-term】 Persistent inflation and rising costs	**【R】** ・Ongoing pressure on profitability ・Increased personnel cost burden	・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
【Short-term】 Rapid advancement and widespread adoption of generative AI technologies	**【O】** ・Improved operational efficiency and productivity **【R】** ・Occurrence of information security incidents	・Continuously and proactively develop DX talent and utilize their skills ・Establish information security rules, frameworks, and systems based on the widespread use of AI
【Short-term】 Increasing cybersecurity risks	**【R】** ・Occurrence of cybersecurity incidents ・Loss of business opportunities due to information leakage and other factors ・Deterioration of corporate reputation	・Strengthen investments in cybersecurity measures ・Reinforce security rules, frameworks, and systems assuming cyberattacks ・Thoroughly implement internal education and training

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4. Expected External Environment and Risk/Opportunity Responses ③

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】** Postponement of investment in smart meters and related areas	• 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】** Increased orders driven by growing demand for decarbonization and energy efficiency **【R】** Higher electricity purchase costs and in-house power generation costs (e.g., solar) due to strengthened renewable energy and energy efficiency policies	• Sales expansion of DC meters and GX (green transformation) products and services • Implement measures to secure profits that can absorb or mitigate cost increases • Utilize our own GX (green transformation) products (optimization of energy costs)
【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)	• 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 new construction and renewal of transmission/distribution infrastructure	• Expand sales of smart meters and transmission and distribution-related equipment • Growing demand for integrated solutions combining smart meters and upper-layer systems to support advanced electricity usage management → Expand sales

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5. Other IR materials

Financial Results and Presentation Materials

Materials related to past financial results are available

Our Website　Financial Results and Presentation Materials

Sponsored Research

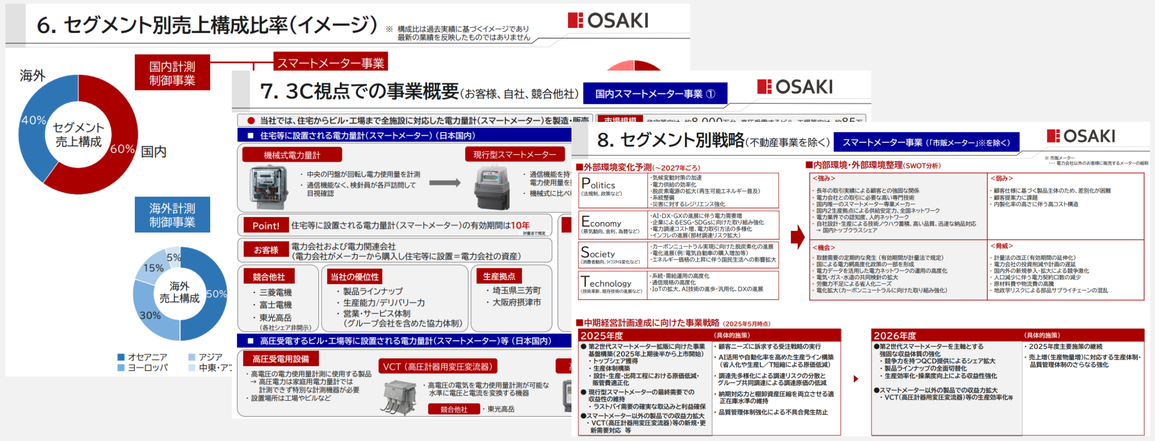
This sponsored research has been prepared with the aim of providing a more detailed understanding of our company

Our website　Sponsored Research

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～



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





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TSE Prime Market

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