FY2026 1H Financial Results Presentation Materials

November 24, 2026

OSAKI ELECTRIC CO., LTD.

TSE Prime Market

Code: 6644

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Agenda

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(Appendix is provided at the end of this presentation)

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1 FY2026 Financial Forecast
(Factors Behind the Downward Revision, Countermeasures, and Future Direction)

The following descriptions are used throughout this report		
Cumulative Q2	=	1H
Cumulative Q4	=	FY
FY2026 Financial Forecast (Announced on May 12)	=	Initial Forecast
FY2026 Revised Financial Forecast (Announced on November 5)	=	Revised Forecast

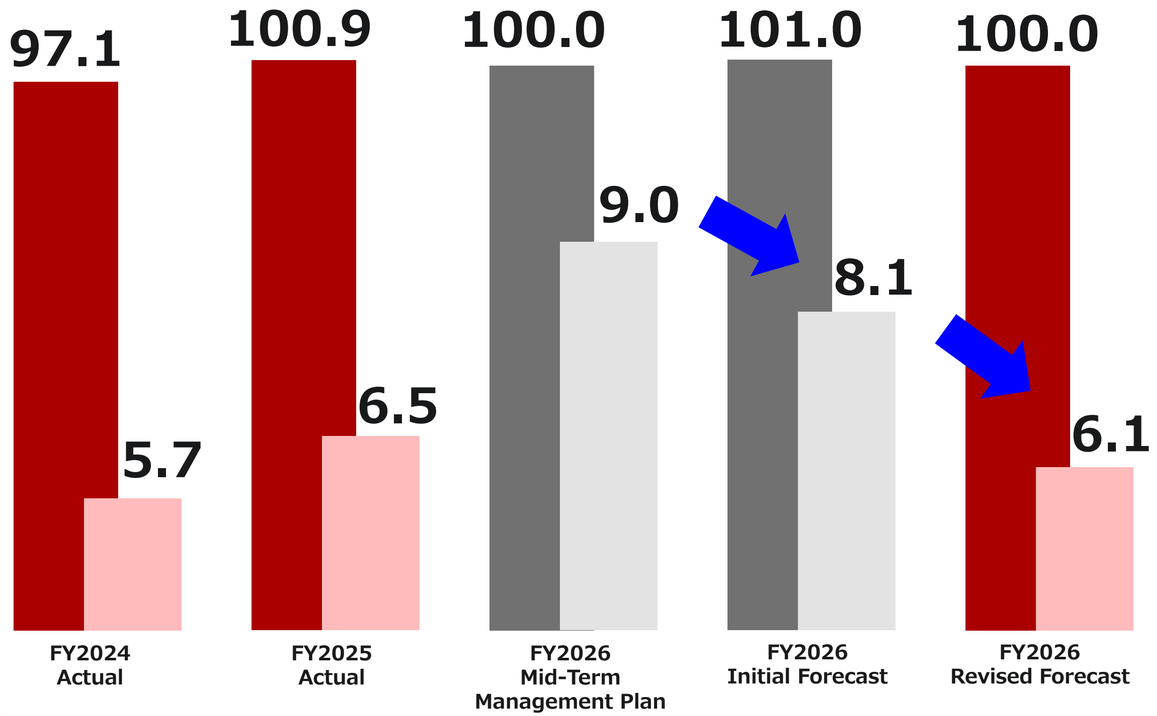
Note:
Segment and sub-segment net sales presented in this presentation exclude inter-segment sales to reflect actual business activities. In contrast, net sales reported in the “Consolidated Financial Results for the Six Months Ended September 30, 2026” (the “Financial Results Report”) include inter-segment 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 Financial Forecast Highlights

vs. Initial Forecast | Decreased Sales and Profit

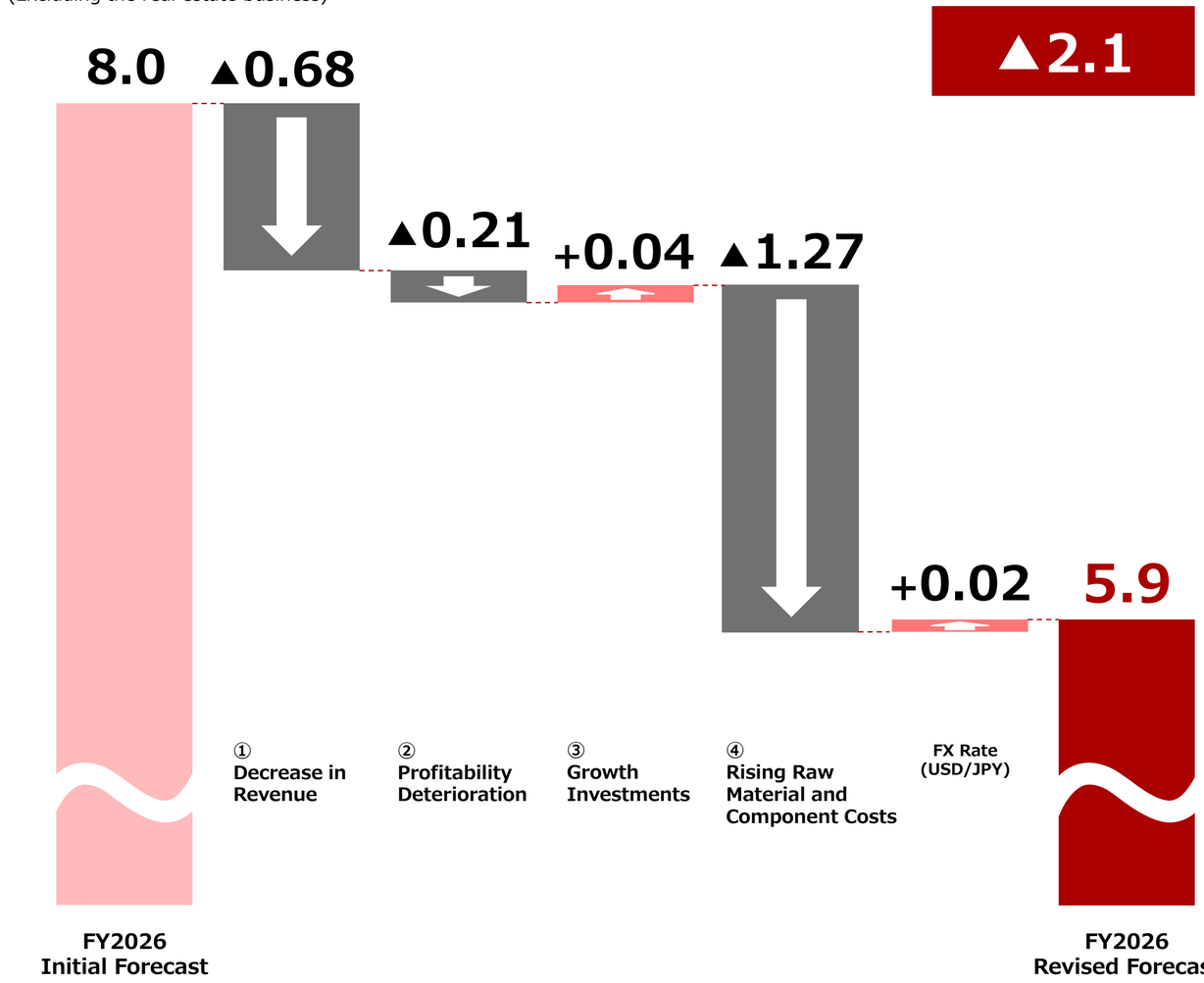
	FY2026 Initial Forecast	FY2026 Revised Forecast	Change (Billion Yen)	
Net Sales	101.0 B JPY	**100.0 B JPY**	▲1.0	▲1.0%
Operating Profit	8.1 B JPY (8.0%)	**6.1 B JPY** (6.1%)	▲2.0	▲24.7%
Net Profit	4.8 B JPY	**3.0 B JPY**	▲1.8	▲37.5%



Main Factors Behind the Decrease in Operating Profit

(Excluding the real estate business)

(Billion Yen)



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2. FY2026 Financial Forecast (Consolidated)

vs. Initial Forecast | Decreased Sales and Profit

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(Million Yen)

	FY2026 Initial Forecast	FY2026 Revised Forecast	Change		FY2026 1H Actual	FY2026 2H 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 (U.K.)	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

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

Net Sales

Japan

(+) Expanded shipments of second-generation smart meters

(▲) Lower shipments in the Solution Business (non-utility meters, smart locks)

(▲) Lower shipments at the subsidiary (ENEGATE)

Overseas

(+) Strong gas meter sales (U.K.)

(▲) Shifts in the timing of water meter shipments (Oceania)

(▲) Changes in procurement policies of some major customers (Oceania)

(▲) Shifts in the timing of meter installation plans (Oceania)

Operating Profit

Further Details on the Following Slides

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

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3. Changes in Operating Profit Forecast

Mid-Term Management Plan final-year target (FY2026)

9.0 B JPY

▲0.9 B JPY

Initial Forecast (announced in May 2026)

8.1 B JPY

▲2.0 B JPY

Revised Forecast (announced in November 2026)

6.1 B JPY

Difference from the Mid-Term Management Plan target (Negative Factors)

- Rising raw material and component prices, mainly due to the situation in the Middle East
- Execution of new growth investments not anticipated when the Mid-Term Management Plan was formulated
  - Evaluation of entry into the U.S. market
  - Evaluation of a storage battery utilization business
  - Strengthening human capital
  - Business process innovation through DX investments

Difference from the initial forecast (Negative Factors)

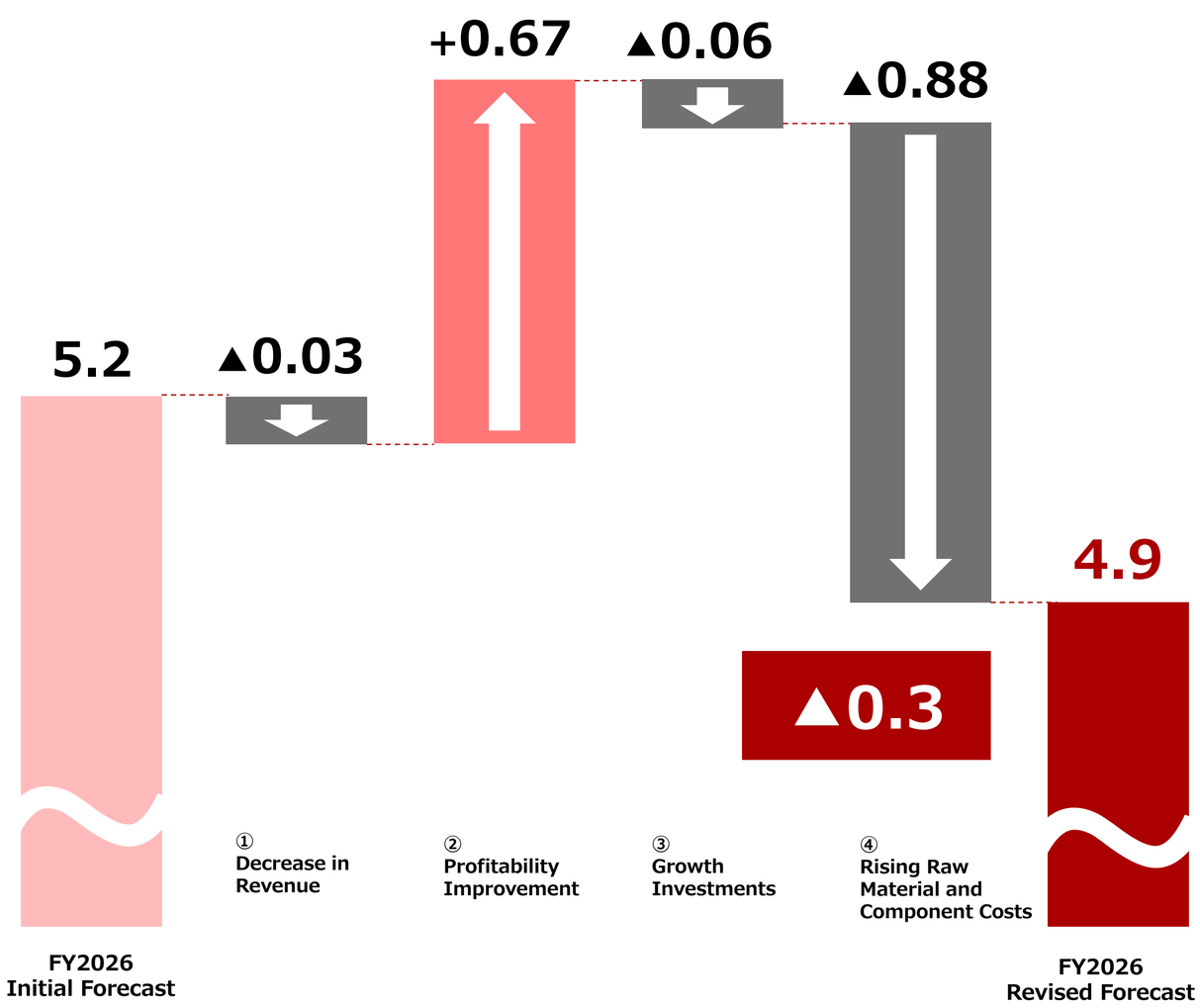
- Rising raw material and component prices (further deterioration from the initial forecast)
- Underperformance of the Oceania business
  - Postponement of water meter shipments to the next fiscal year
  - Postponement of smart meter installation plans to the next fiscal year
  - Changes in major customers' procurement policies
- Delayed recovery in non-utility meters

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4. Breakdown of Factors Affecting Operating Profit and Countermeasures

Japan

(Billion Yen)



Main Factors Behind the Decrease in Profit

- Rising raw material and component prices
- Lower revenue in the Solution Business
  - ・Delayed recovery in non-utility meters
  - ・Lower revenue from smart locks
- Lower revenue at the subsidiary (ENEGATE)
- Increased growth investments (human capital and DX investments, R&D expenses, etc.)

Countermeasures

- **Price adjustments**

  [Smart meters]
  - ・Price revisions with some customers to be implemented in stages (from Q3 FY2026 onward)
  - ・For new bids, higher costs are reflected in bidding prices (deliveries from FY2027 onward)

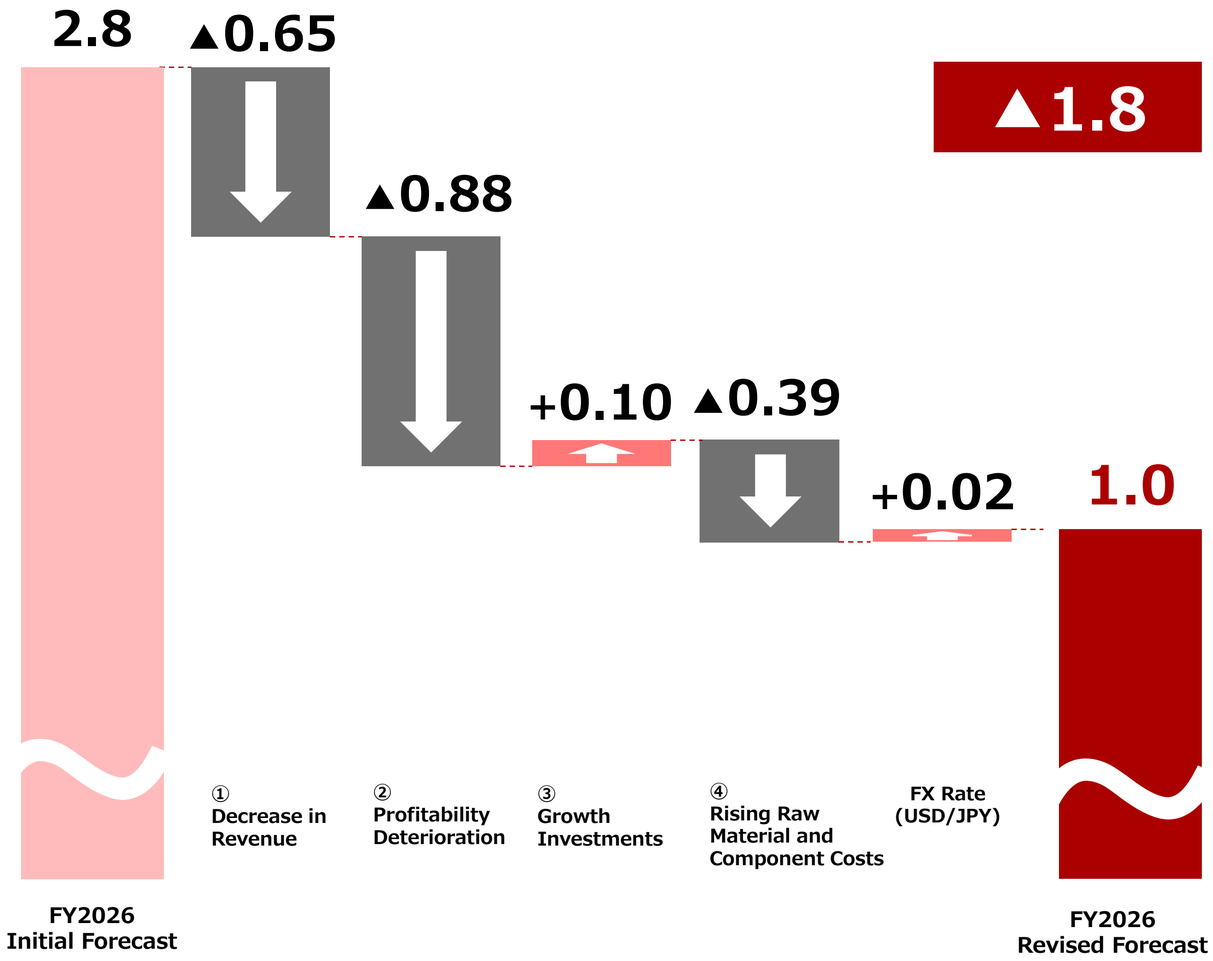
  [Solution Business]
  - ・Ongoing negotiations on selling price revisions in accordance with individual customer contracts

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4. Breakdown of Factors Affecting Operating Profit and Countermeasures

Overseas

(Billion Yen)



Main Factors Behind the Decrease in Profit

- Lower revenue in Oceania
  - ・Postponement of water meter shipments to the next fiscal year — One-off factors
  - ・Shifts in the timing of smart meter installation plans
  - ・Changes in some customers' procurement policies
- Profitability deterioration on certain projects (mainly Asia) — One-off factors
- Increased transportation costs — One-off factors
- Postponement of benefits from outsourced manufacturing to the next fiscal year
- Rising raw material and component costs

Countermeasures

The following slides provide further details, with a focus on Oceania

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5. 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 reduce 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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6. Measures to Maintain and Grow Market Share in Australia

Customer	Change in Situation	Measures to Maintain and Grow Share	Our Competitive Advantages
Company A	・Metering business sold to an investment fund ・Introduction of dual sourcing	・Expand value-added services ・Strengthen appeal to procurement departments	・Ease of installation ・Connectivity with head end system ・Price competitiveness in terms of total cost
Company B	・Change in procurement policy ・A shift toward price-focused procurement decisions	・Strategic pricing measures ・Proposals to reduce customers' operating costs	・High functionality and quality
Company C	[No change] ・Long-standing relationship of trust since the customer's founding ・High expectations for NEOS	・Retention through stronger communication ⇒ Early identification of order trends and reflection in measures	・Long track record of product supply ・Customization capabilities to meet customer needs
Company D	[No change] ・High market share for the Company ・Order volume is smaller than other customers	・Retention through stronger communication ⇒ Early identification of order trends and reflection in measures	・Long track record of product supply ・Customization capabilities to meet customer needs

* The order in which customers are listed does not indicate their ranking by market share or sales

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7. 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

Japan

- Commodity prices have moderated slightly since May, but copper price pass-through to purchased components (terminals, coils, etc.) is progressing with a lag
- Procurement costs continue to rise above the level assumed in the initial forecast announced in May. This is the largest factor in the increase versus the initial forecast
- There is currently no impact on the procurement of materials required for production

Overseas

- With the outsourcing of manufacturing to our EMS partner (Cicor), we aim to secure the required 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

Japan

- Cost increases, mainly for resins, thinners, and paint, continue to exceed the level factored into the 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

Overseas

- Similar effects to those described on the left are expected

PCBs / Semiconductor Memory

Impact on Current-Year Results

Japan

- 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

Overseas

- Impact from rising prices of printed circuit boards and semiconductor memory (Memory specifications used in Japan and overseas differ)
- As described on the left, we aim to mitigate the impact on production by leveraging Cicor's procurement capabilities

Status of Price Adjustments

Japan

- Some utilities have indicated their willingness to accept retroactive price increases on awarded volumes (a first for the Company). These increases will be implemented in stages from Q3 onward
- FY2027 volumes are also within the scope of negotiations. For new bids (deliveries from FY2027 onward), higher costs have been reflected in bidding prices
- The effects of price revisions are not factored into the revised forecast (any realized effects represent upside)

Overseas

- Continue negotiations on price adjustments based on individual customer contracts

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2 FY2026 1H Financial Summary

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1. FY2026 1H Financial Highlights

YoY **Increased Sales and Profit**

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	FY2025 1H Actual	FY2026 1H 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 1H 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

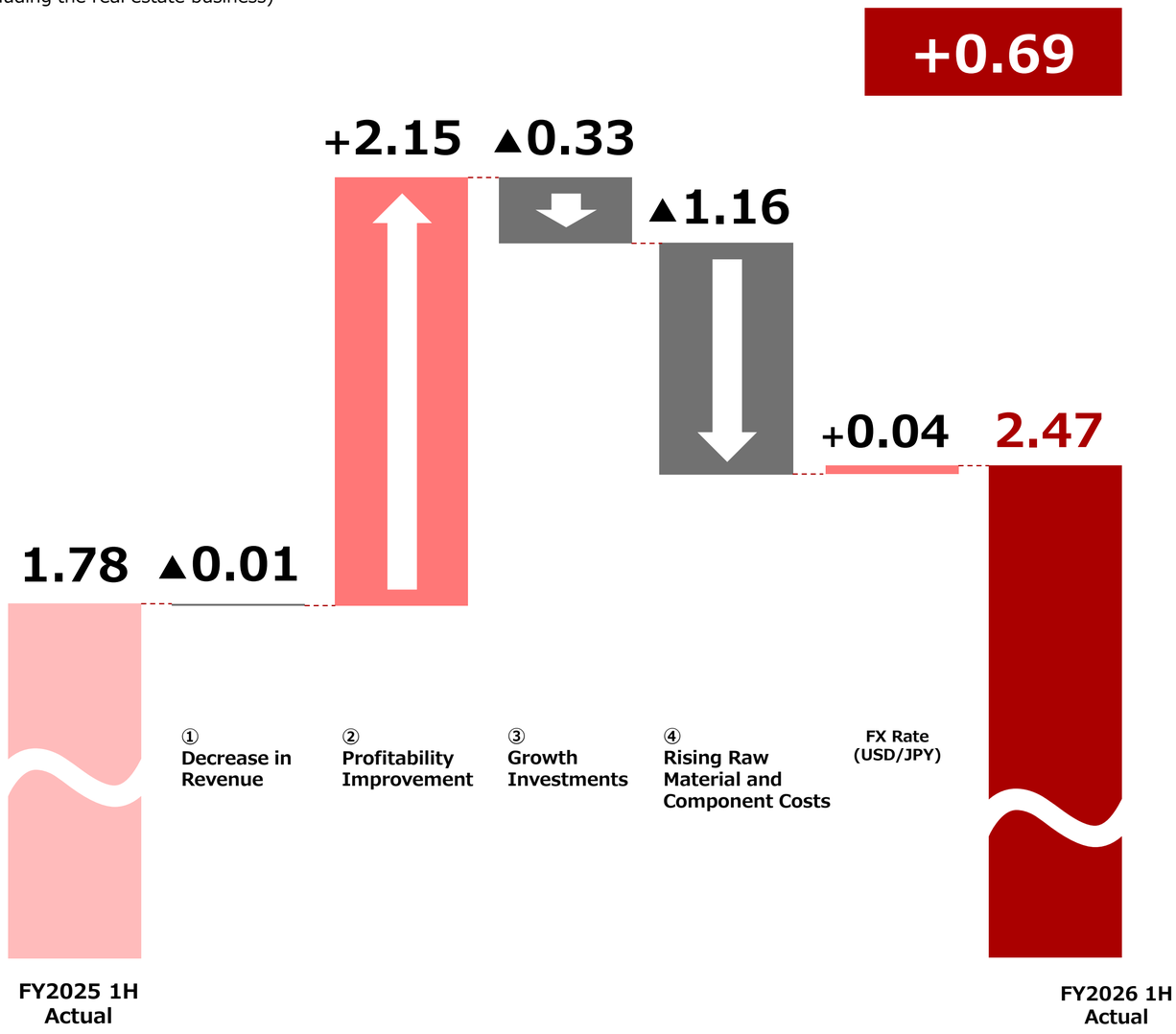
● Net Profit: **Profit Increased** year on year

(Extraordinary losses (business restructuring expenses) were recorded in the previous fiscal year)

Main Factors Affecting Operating Profit

(Billion Yen)

(Excluding the real estate business)



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2. FY2026 1H Financial Results (Consolidated)

YoY | Increased Sales and Profit

OSAKI

(Million Yen)

	FY2025 1H Actual	**FY2026 1H 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 FY2026 Financial Forecast

[vs. Previous Fiscal Year]

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1. FY2026 Financial Forecast Highlights

YoY **Decreased Sales and Profit**

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	FY2025 Actual	FY2026 Revised Forecast	Change (Billion Yen)	
Net Sales	100.9 B JPY	**100.0 B JPY**	**▲0.9**	▲0.9%
Operating Profit	6.53 B JPY (6.5%)	**6.10 B JPY** (6.1%)	**▲0.43**	▲6.5%
Net Profit	5.78 B JPY	**3.00 B JPY**	**▲2.78**	▲48.1%

Point

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

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

Overseas (▲) Decreased orders following the peak-out of the U.K. "Smart Meter Project"

(▲) Decreased orders following the withdrawal from the Middle East

● Operating Profit: **Profit Decreased year on year**

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

Overseas (▲) Lower sales in Oceania, the U.K., and the Middle East & Africa

(▲) Growth investments

(▲) Rising raw material and component costs

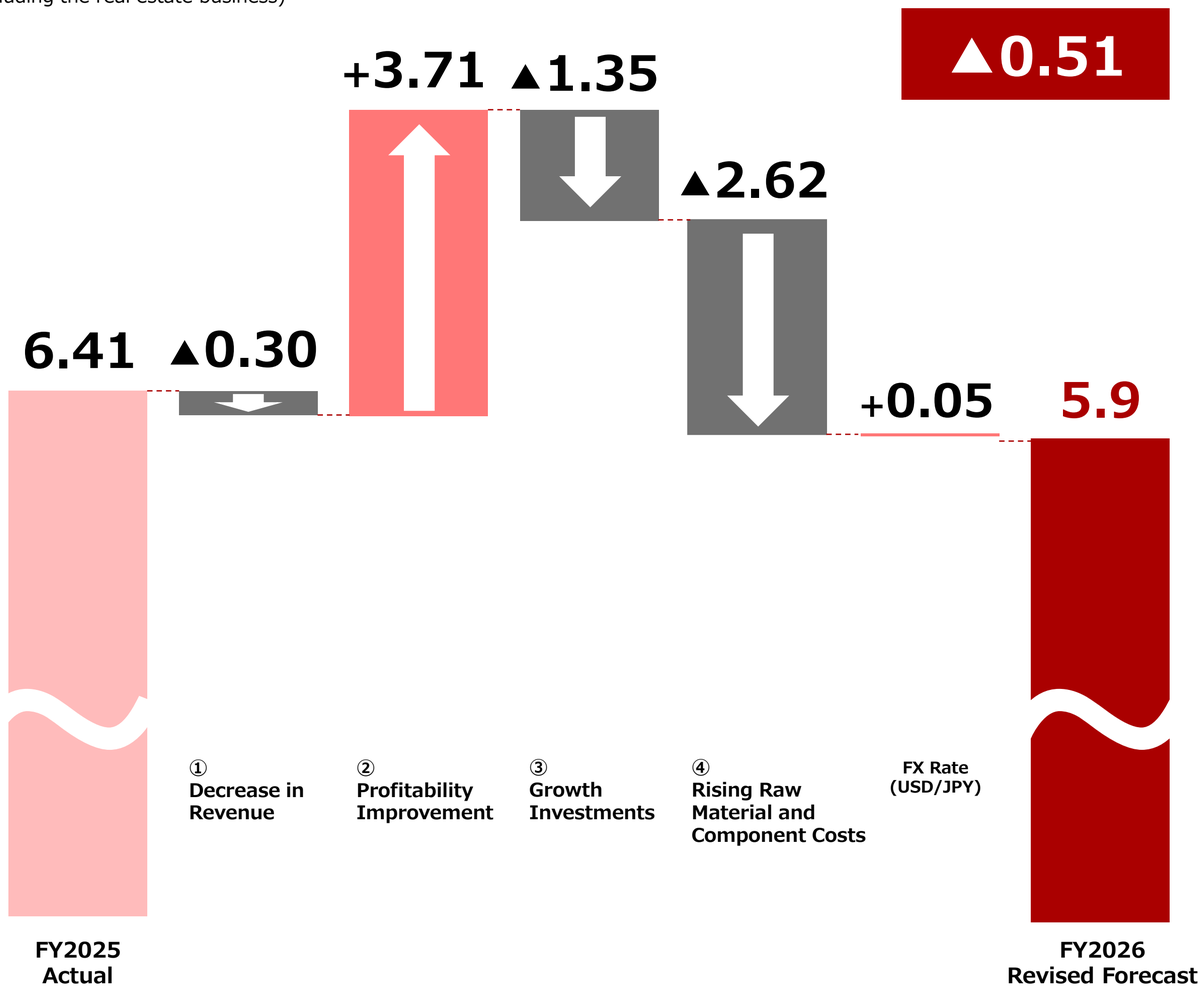
● Net Profit: **Profit Decreased year on year**

(Extraordinary income (gain on sale of real estate) was recorded in the previous fiscal year)

Main Factors Affecting Operating Profit

(Billion Yen)

(Excluding the real estate business)



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2. FY2026 Financial Forecast (Consolidated)

YoY | Decreased Sales and 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 (U.K.)	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%

-Average 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 switchgear
(▲) 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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4 Shareholder Returns

- Maintaining the FY2025 level for FY2026 dividends
- Share repurchase (disclosed on November 5)

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

Dividend Forecast (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

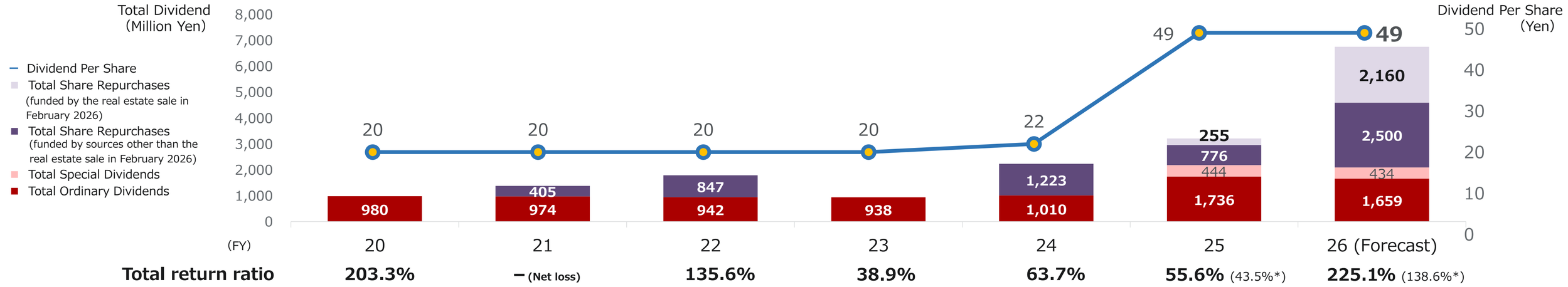
Share Repurchase

	FY2024 - FY2025	FY2026 (Disclosed 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 brackets [ ] 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–FY2026FY2024～FY2026: Total of approximately 5.96 million shares and approximately 6.9 B JPY

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

Disclosed on May 12, 2026 (Repost)

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- 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%**

2026～2030

Business transformation and growth

Smart meter business

Japan

- Ensure stable supply of second-generation smart meters (revenue base)
- Full Automation of Key Production Processes for the Meter
- Develop new VCT models — Growth Investment
- Explore the storage batteries utilization business — Growth Investment

Overseas

- Ensure stable supply of next-generation smart meters (revenue base)
- Expand sales of “NEOS solutions” (expand sales regions)
- Launch next-generation industrial meters into the market — Growth Investment
- Evaluate entry into and commercialization of the U.S. market — Growth Investment

Solution business

- Expand sales of energy management systems utilizing AI and storage batteries — Growth Investment
- Develop new solutions in the housing and living domain

Strengthen the management foundation

Establishing a management foundation to support sustainable growth

- Drive business process innovation through DX investments — Growth Investment
- Strengthen human capital to promote business transformation and growth — Growth Investment
- Further enhance corporate governance
- Accelerate initiatives toward the realization of a decarbonized society

Optimal allocation of cash (foundation investments, growth investments, and shareholder returns)

Financial strategy

- Expand operating cash flow from business activities
- Further improve working capital efficiency
- Optimize non-operational assets and enhance capital efficiency

Generate resources for foundation investments, growth investments, and shareholder returns

From 2030 onward

<Our vision>

Realizing

Global Energy Solution Leader

- Expand from products to systems, and from systems to comprehensive solutions

Japan	Next-next-generation smart meters / New VCT models
Japan	Smart life solutions provider

- Provide energy solutions that address global challenges

Japan	GX solutions provider
Overseas	Enhance “NEOS solutions”

- Provide new value to customers worldwide and establish a solid position in the global market

Global	An energy solutions provider with operations across five global regions (Japan/Oceania/U.S./UK/Asia)

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2. Medium-Term Growth Strategy by Business ①

Disclosed on May 12, 2026 (Repost)

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.)
・Acceleration of policies addressing climate change ・Development of power transmission and distribution networks ・Strengthening resilience to disasters	・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.)**
・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)	・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.)
・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	・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.)**
・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	・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

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2. Medium-Term Growth Strategy by Business ②

Disclosed on May 12, 2026 (Repost)

OSAKI

Solution Business in Japan

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

Politics (Laws, regulations, policies, etc.)	**Society** (Consumer trends, lifestyle changes, etc.)
・Acceleration of policies addressing climate change ・Progress in developing the environment for DX promotion ・Strengthening resilience to disasters	・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.)
・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)	・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-ulitiliyl 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

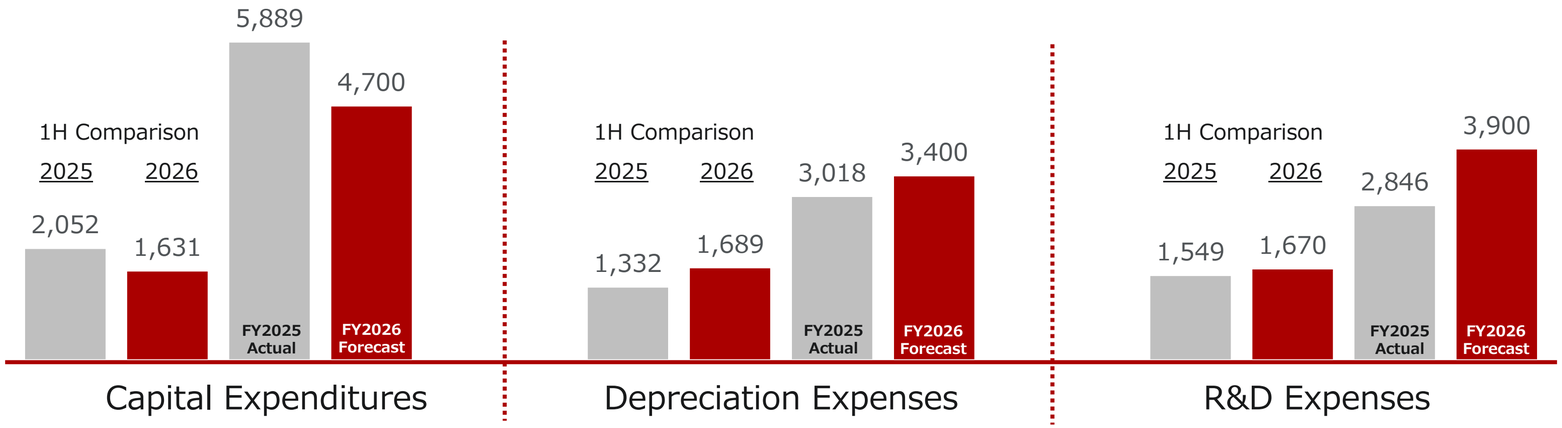
A technology in which data processing is performed not in the cloud but at the device (edge) where the data is collected, using AI and other methods for analysis.
(Cloud: centralized processing ⇔ Edge: distributed processing)
This technology is based on the principle of converting the conventional process 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

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3. Capital Expenditures, Depreciation and R&D (2H/Full Year)

(Million Yen)



	FY2025 1H Actual	**FY2026 1H 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 1H 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

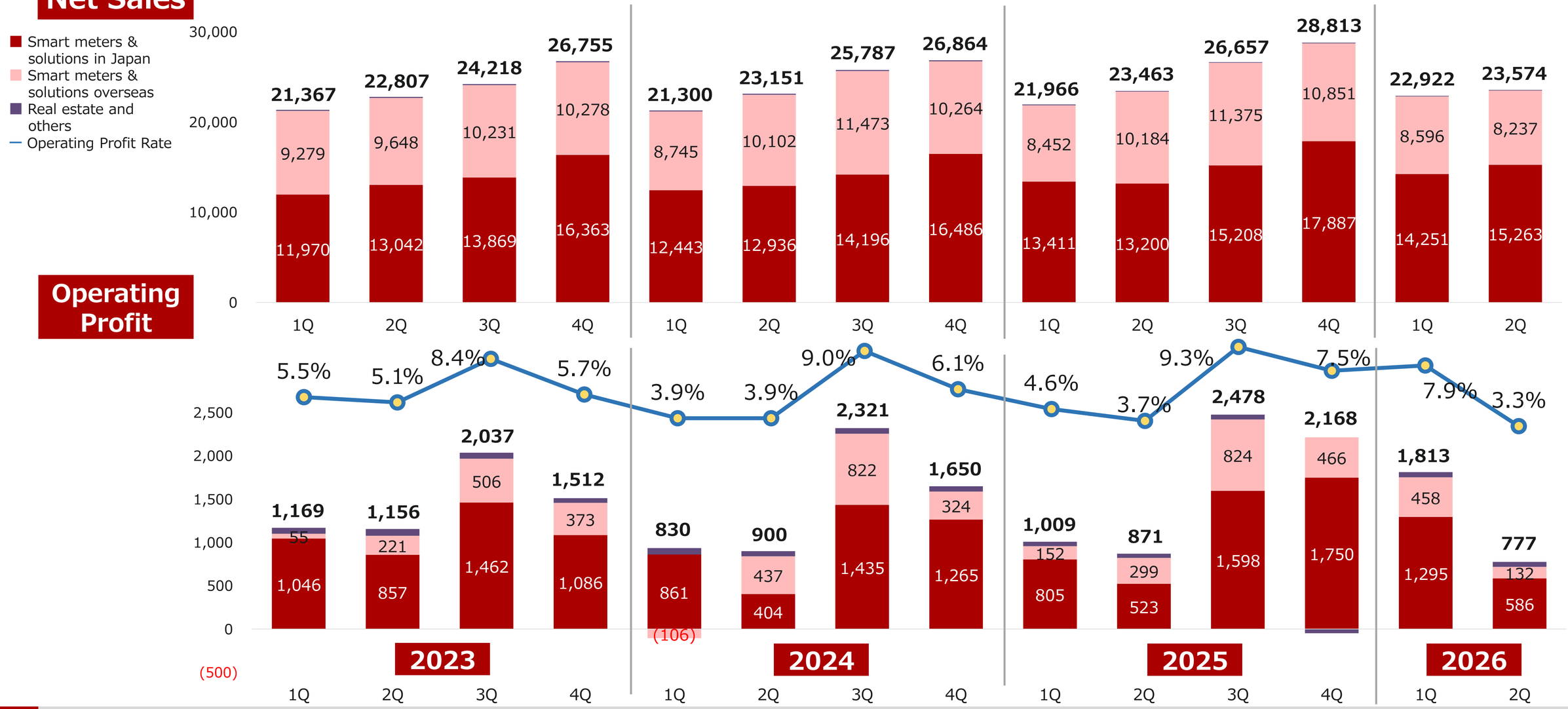
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4. Quarterly Net Sales and Operating Profit Trends

- Net Sales: Customers' capital investment tends to become more active toward the fiscal year-end, and net sales tend to increase in 2H 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)



Operating Profit

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5. 2H Sales Forecast by Subsegment ①

Smart Meter Business in Japan

<Net Sales>

(Billion Yen)

FY2025 1H Actual	FY2026 1H Actual	Change	FY2025 2H Actual	FY2026 2H 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

1H Actual

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

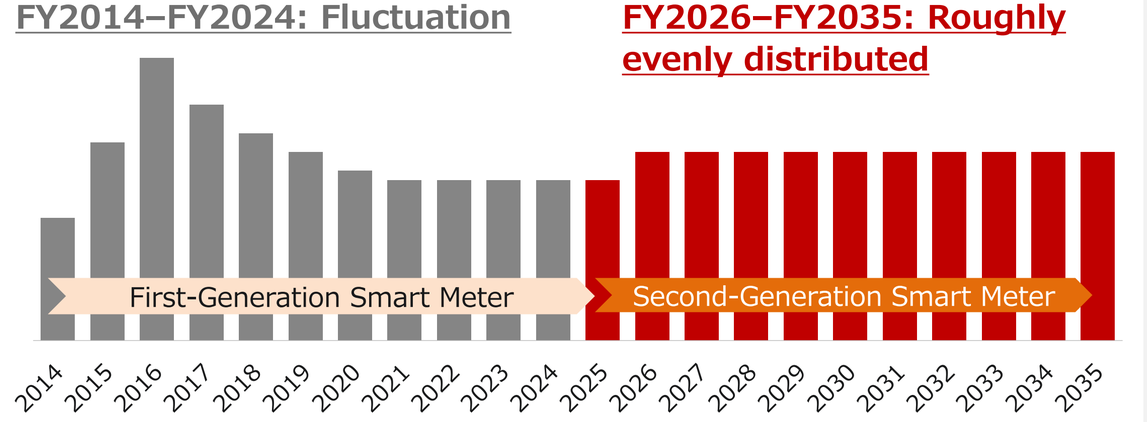
2H/FY2026 Forecast

- Although smart meter shipments for some customers will be postponed to the next fiscal year, net sales are expected to remain above the same period of the previous year, with full-year results exceeding the initial forecast (postponement 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 replacement with first-generation smart 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 (gradual transition to the second generation from 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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5. 2H Sales Forecast by Subsegment ②

Solution Business in Japan

<Net Sales>

(Billion Yen)

FY2025 1H Actual	FY2026 1H Actual	Change	FY2025 2H Actual	FY2026 2H 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

1H 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

2H/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 new customer acquisition and sales expansion to existing customers
- Smart locks : Smart lock sales tend to be concentrated in 2H, when move-ins and move-outs at rental properties increase. Sales are expected to be similarly weighted toward 2H this fiscal year

Switchgear Business in Japan

<Net Sales>

(Billion Yen)

FY2025 1H Actual	FY2026 1H Actual	Change	FY2025 2H Actual	FY2026 2H 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

1H 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

2H/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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5. 2H Sales Forecast by Subsegment ③

Smart Meter Business Overseas (Oceania)

<Net Sales>

(Billion Yen)

FY2025 1H Actual	FY2026 1H Actual	Change	FY2025 2H Actual	FY2026 2H 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

1H Actual

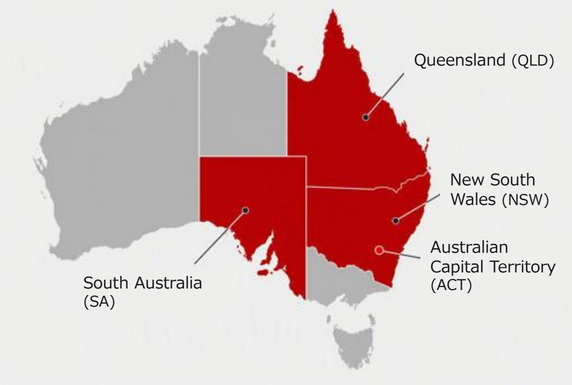
- The Australian government-led “Legacy Meter Replacement Program” started more gradually than initially expected
  → The meter installation plan for FY2026 is conservative
- Major changes in customer trends
  - Significant changes in major customers’ procurement policies
    → Introduction of dual sourcing,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

2H/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)
- Postponement of water meter projects to the next fiscal year, etc., is 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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5. 2H Sales Forecast by Subsegment ④

Smart Meter Business Overseas (Europe)

<Net Sales>

(Billion Yen)

FY2025 1H Actual	FY2026 1H Actual	Change	FY2025 2H Actual	FY2026 2H 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

1H 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 postponement of some projects to 2H for 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.

2H/FY2026 Forecast

- In 2H, 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)
- Gas meter sales will increase, 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 1H Actual	FY2026 1H Actual	Change	FY2025 2H Actual	FY2026 2H 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

1H Actual

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

2H/FY2026 Forecast

- In 2H, 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 1H)
- Full-year net sales are expected to increase slightly year on year, in line with the initial forecast

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6. 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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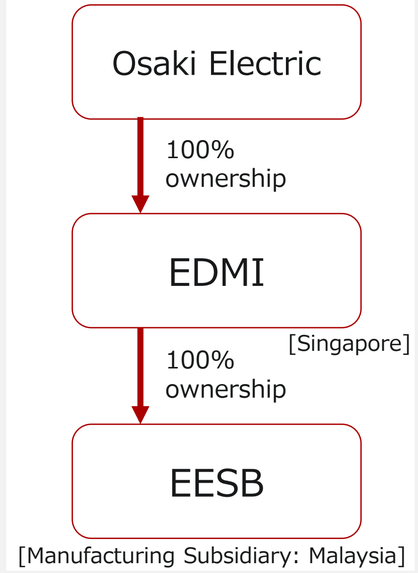
7. Overseas Manufacturing Strategy (Transition to an Asset-Light Manufacturing Model)

- **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



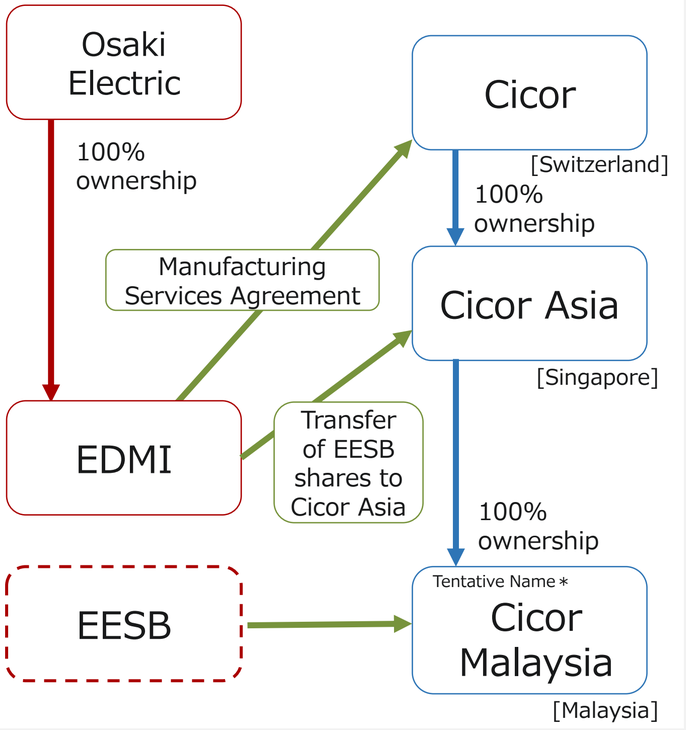
Measures Implemented

① **Transfer EESB shares to Cicor Asia**

② **Enter into a Manufacturing Services Agreement between EDMI and Cicor**

After Transition to a Contract Manufacturing Structure

Asset-Light Manufacturing Model



- 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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8. Consolidated Balance Sheet

Balance Sheet

(Million Yen)

	End of FY2025	End of FY2026 1H	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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9. 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】 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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9. 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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9. Expected External Environment and Risk/Opportunity Responses ③

Expected External Environment	Major Expected Risks [R] and Opportunities [O]	Key Countermeasures
【Mid- to Long-term】 Volatility in electric utilities' performance due to economic downturn and high 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 head end systems to support advanced electricity usage management → Expand sales

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10. 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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