

OSAKI Group Integrated Report

2024



## Philosophy (Purpose)

# We create new value for society through visualization of the invisible.

### The Resolve Behind Our Corporate Philosophy

The OSAKI Group is dedicated to serving society through its business activities.

Since its establishment, the OSAKI Group has engaged in manufacturing associated with electricity: the electricity meter and related products have been supporting the reliable supply and efficient use of energy, whose grid forms part of our infrastructure. Our core mandate to visualize energy, through the use of technology to monitor and manage energy use effectively, has remained steadfast as metering technology has advanced.

Today, our solutions business is steadily expanding, enabling us to visualize things beyond just energy. Our determination to tackle challenges in new domains and make valuable contributions to society lies at the heart of our philosophy.

## Vision

# *Global Energy Solution Leader*

## Values

# Challenge, Promptness, Innovation, Dedication to Society

## Contents

4 Message from the Chairman

### Chapter 1 The OSAKI Group's Value Creation

- 5 Top Message
- 11 History
- 13 Value Creation Process
- 15 Globalization
- 17 Financial and Non-financial Highlights
- 19 Operating Results and Business Portfolio
- 20 Fostering Management Conscious of Capital Cost and Stock Price
- 23 Mid-Term Management Plan (Fiscal 2024–2026)

### Chapter 2 Business Strategies for Value Creation

- 25 Smart Meters & Solutions in Japan
- 29 TOPICS  
Strengthening the Business Operations System  
- Transition to a Divisional Structure -
- 31 Smart Meters & Solutions Overseas
- 34 Real Estate Businesses

### Chapter 3 Foundation of Value Creation

- 35 Materiality for Sustainability
- 40 Responding to Climate Change
- 42 Corporate Governance
- 47 Board of Directors, Statutory Auditors & Executive Officers
- 49 Messages from Independent Directors & Auditors
- 51 Compliance
- 52 Risk Management
- 53 Together with Employees
- 55 Together with Customers and Business Partners
- 56 Together with Society
- 57 Together with Shareholders and Investors

### Chapter 4 Data Section

- 59 11-year Financial Data (Consolidated)
- 61 Company Profile
- 62 Stock Information

#### Editing Policy

OSAKI Group Integrated Report 2024 serves to provide our shareholders, investors, and other stakeholders with a clear overview of our Group's initiatives for sustainable growth. The Integrated Report includes both financial and non-financial information mainly on our performance and strategies for increasing corporate value, referring to the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC).

#### Reporting Period

April 1, 2023 to March 31, 2024

\* It also contains some latest initiatives and policies to provide updated information.

#### Notice on forward-looking statements

This Integrated Report 2024 contains forward-looking statements such as the future business performance of the OSAKI Group. As these statements are based on the information available at the time of the preparation of this report, please note that the actual results might differ materially from the content described or suggested therein due to various factors.

In this Integrated Report, Osaki Electric Co., Ltd. is written as Osaki Electric or the Company, and Osaki Electric Co., Ltd. and its Group companies as the OSAKI Group or the Group. EDMI Limited, a member of the OSAKI Group operating in the Smart Meters & Solutions Overseas segment, is written as EDMI.

## Message from the Chairman



*Y. Watanabe*

**Yoshihide Watanabe**  
Chairman and CEO  
(Representative Director)

In fiscal 2024, the OSAKI Group revised its Corporate Philosophy to “We create new value for society through visualization of the invisible,” embracing this as the Corporate Purpose.

Since its founding in 1916, Osaki Electric has remained committed to the effective application of energy through power measurement and control. Today, as Japan's leading smart meter manufacturer, we are partnering with others to develop innovative solutions for pressing challenges, including the drive toward a decarbonized society.

Since integrating EDMI in 2012, the OSAKI Group has expanded rapidly across the globe. Our products and services now reach markets in Oceania, Europe, Asia, the Middle East, and Africa.

By leveraging full group synergies, we are committed to further growth as an enterprise that supports a sustainable world. In closing, we ask for your continued support.

Chapter 1 The OSAKI Group's Value Creation

Top Message



*Mitsuyasu Watanabe*  
**Mitsuyasu Watanabe**  
 President and COO  
 (Representative Director)

Review of Fiscal 2023

Although the OSAKI Group anticipated reduced revenue from its core domestic smart meter business and challenging conditions, fiscal 2023 concluded with increased revenue and profits. The primary reasons for this success are attributed to a minimal decline in sales for the smart meter business, a robust switchgear business, and an improved procurement environment for electronic components overseas. Temporary fluctuations in the domestic product mix and the settling of electronic component prices overseas also contributed to increased profits.

However, the demand for smart meters in Japan will

remain in a lull through fiscal 2024. Furthermore, amid ongoing changes in the business environment in which we operate, achieving sustainable growth will not be easy.

Recognizing these circumstances, we spent fiscal 2023 revisiting our raison d'être and clarifying the values considered important to the group. This process led to the revision of our Corporate Philosophy, which we established as a new Corporate Purpose. We also formulated a new three-year Mid-Term Management Plan, which starts in fiscal 2024.

Setting the Corporate Purpose

The new Philosophy (Purpose) is "We create new value for society through visualization of the invisible." At the same time, we established our Values that we prioritize for the sustainable growth of the Group: Challenge, Promptness, Innovation, and Dedication to Society.

This Purpose reflects our passion to not only provide products and services that visualize energy usage, such as electricity, but also to create new value by taking on challenges in uncharted areas.

For a business engaged in manufacturing related to electricity since its founding, the new Purpose coincides with a major turning point in how smart meters and the way electricity are used.

Historically, traditional mechanical electricity meters were literally designed to measure monthly electricity usage and charge customers accordingly. But in fiscal 2014, the full-scale deployment of communicating smart meters in Japan enabled real-time, remote monitoring of electricity usage.

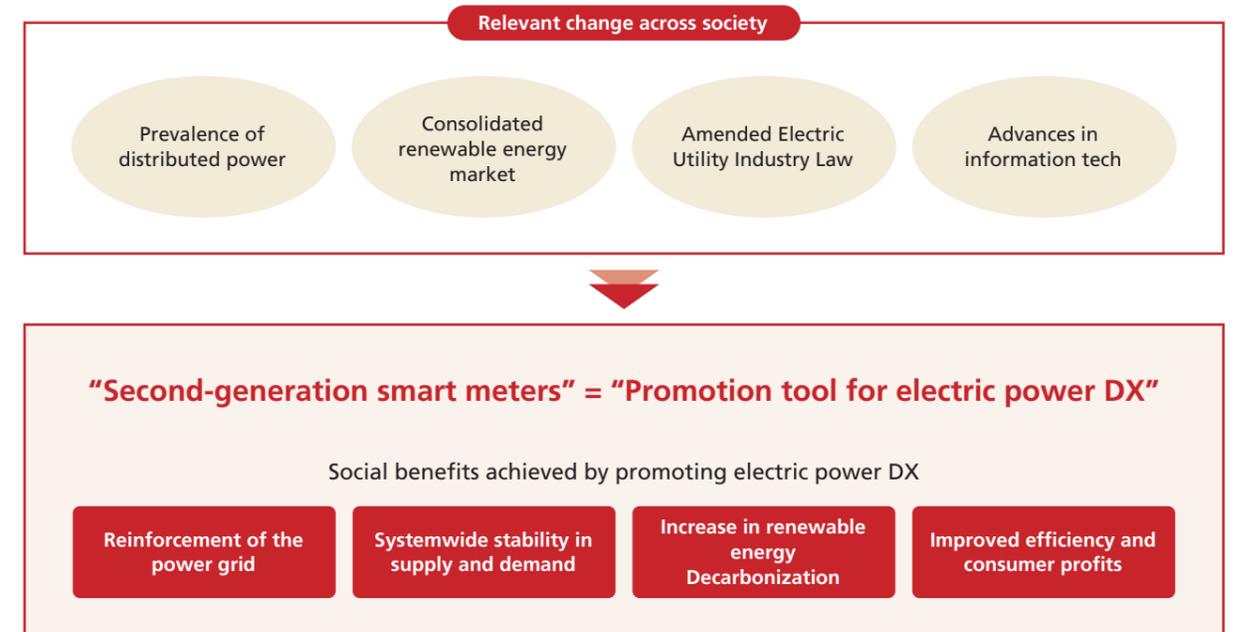
The second-generation smart meters will begin to deploy toward the end of fiscal 2025. These OSAKI products will

play a much larger role in people's lives than ever before.

For example, utilizing the communication feature can change the way electricity is traded. Tariffs can be set more flexibly — higher when demand is high and supply is scarce, and lower when demand is low and supply is abundant. Because landline phone service is less common now, the smart meter offers one choice among the few direct links to homes. Its ability to communicate is expected to help assess power outage conditions in disaster response for faster recovery. Thus, second-generation smart meters will serve a greater purpose beyond simply metering electricity usage.

In this new era, the OSAKI Group must not just keep pace, but lead the way. Many companies today are looking ahead to changes in how electricity is used and working to create new services. In this context, we will likely have more opportunities to form partnerships with companies we have not previously worked with, and therefore recognize the need to transform into an enterprise with a broader perspective.

● Positioning of second-generation smart meters



\* Prepared internally, based on materials from the Next-Generation Smart Meter System Study Group

Top Message

The Purpose we established is focused on our future. Similarly, the four Values—Challenge, Promptness, Innovation, and Dedication to Society—were selected as essential for the future of the OSAKI Group.

In the process of clarifying our values, we considered values held previously with values needed henceforth. Keywords among our past values included integrity, reliability, prudence, responsibility, and exploration: These are important in working with products related to utility infrastructure, and represent strengths that have supported the group's business for many years. The four new values, except for social contribution, stand in contrast to the past values. Since our past values do not fade away, conscious

application of the contrasting new values allows us to leverage our traditional strengths effectively.

In addition to considerable internal dialogue, opinions among stakeholders, comprising customers, shareholders, and investors, were weighed and discussed with respect to responding to their expectations during the process of establishing our Purpose and values. From fiscal 2024, we will continue to create opportunities for internal dialogue to ensure that every employee fully understands and acts according to the Purpose. We will also engage with our stakeholders for a better understanding of the Purpose and consequent corporate activities.



Dialogue with employees to formulate the Purpose

Mid-Term Management Plan

The Mid-Term Management Plan, which serves as a concrete strategy for the OSAKI Group to create new value for society, has been changed from the previous rolling one-year system to a fixed three-year plan. As its underlying policy, the plan aims for sustainable growth by leveraging group synergies to the fullest and providing new solutions for societal goals like achieving decarbonization, while the smart meter remains at the heart of all business.

For Smart Meters & Solutions in Japan, the smart meter business remains at the core while the solutions business expands in response to the needs of society, including green

transformation solutions and smart locks.

For Smart Meters & Solutions Overseas, transformation into a profit-oriented business continues by promoting sales of meters with a head-end system alongside organizational transformation.

We also plan to build resilient group operations to support these strategies, and will aim for the appreciation of enterprise value through the creation of recurrent profits. The financial target, therefore, is operating income of 9 billion yen in fiscal 2026, the final year of the plan.

For details on the Mid-Term Management Plan (Fiscal 2024-2026), see pages 23 to 24.

Smart Meters & Solutions in Japan

Here, we again outline the operating environment for the smart meter business in Japan.

Since the full-scale deployment of smart meters that began in fiscal 2014, mechanical electricity meters were gradually replaced after their statutory lifespan of 10 years. However, actual deployment proceeded ahead of schedule, completed by power companies in Japan's three major metropolitan areas by the end of fiscal 2022. Fiscal 2023 onward marks a period of reduced demand for new smart meters.

But second-generation smart meters will begin to deploy towards the end of fiscal 2025. Based on defined specifications, the OSAKI Group intends to develop products and win volume (market share) equal to or greater than the current levels. We will optimize our group-wide production system and focus on cost reductions to improve profitability.

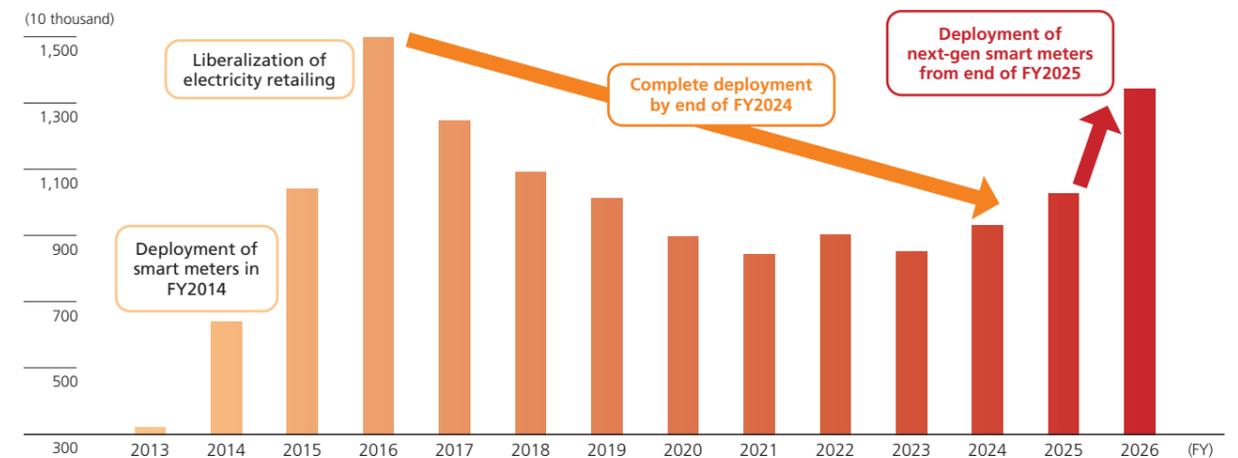
The operating environment of the solution business centers on the government's goal of achieving carbon neutrality by 2050. Renewable energy is developing in Japan, invoking changes to supply and demand and creating

diverse measurement and control needs. Moreover, the decline in the working population is urging the use of labor-saving digital technologies everywhere. We are dedicated to solving these societal issues by providing products and services that stem from energy measurement and control technologies.

To ensure the execution of these strategies, in fiscal 2024, OSAKI carried out its first major reorganization in approximately 20 years and transitioned to a two-division structure: the Grid Systems Business Unit, which handles products for power companies including smart meters, and the Solutions Business Unit, which provides products and services to customers other than power companies. This change enhances collaboration between sales, engineering, and production within each division and enables faster responses to customer needs, leading to the growth of both business units. The newly established Quality Assurance Office oversees both units to strengthen our quality management function.

For details on Smart Meters & Solutions in Japan, see pages 25 to 30.

Smart meters for households (production volume)



\* Prepared internally, based on JEMIMA report

Top Message

Smart Meters & Solutions Overseas

The Smart Meters & Solutions Overseas is led by EDMI, which joined the OSAKI Group in 2012. The subsidiary maintains a high market share for head-end systems\* in the Oceania market, including Australia and New Zealand. Over the next three years, we expect stable growth in the Oceania market and continued demand in the UK. In Asia,

the Middle East, and Africa, we will selectively expand into markets where profits are expected. The transition to prioritize profits will focus on high-margin products and services while cutting costs.

\* Head-end systems (HES) for transmitting data measured by smart meters to power companies

For details on Smart Meters & Solutions Overseas, see pages 31 to 34.

Building Resilient Group Operations

The OSAKI Group will continue to enhance its management base through the three-year plan above, in order to increase enterprise value.

The Group's materiality goal "Creating a diversified workplace and fostering social issue-solving culture" constitutes one of our current key focus areas. As a

corporate group operating globally, Osaki Electric has traditionally worked to create an environment where diverse talent can thrive. Starting in fiscal 2023, we introduced an employee engagement survey which will support our future efforts to enhance human capital.

For details on Foundation of Value Creation, see pages 35 to 57.

Management Conscious of Capital Cost

The Group has started the first year of its Mid-Term Management Plan, and is concurrently implementing a three-year plan for management that is conscious of capital cost.

Although our stock price increased in fiscal 2023, the Price-to-Book Ratio (PBR) remained below 1.0. We believe this low PBR arises from ROE faltering below the cost of equity. In addition, strategies and plans for sustainable growth do not appear to be fully appreciated by our shareholders and investors. With regard to ROE, we will place top priority on surpassing the current cost of equity recognized as 5.2% and aim for 8% or more in the mid-term. To this end, we are engaged in improving profitability, capital efficiency, and optimizing capital structure.

Steady implementation of our Mid-Term Management Plan will improve profitability.

With respect to capital efficiency and optimal capital structure, improved working capital efficiency and reduced non-operational assets through the sale of strategic shareholdings will lead to overall capital efficiency.

In regard to shareholder returns, we have adopted a dividend policy that employs the higher of either DOE (Dividend on Equity ratio) of 2% or payout ratio of 30% as a guideline for a steady redistribution of surplus funds while also allocating returns in line with business performance. The DOE standard ensures a minimum dividend level, as the company aims for an early dividend increase through improved business performance. Decisions on any repurchase of our own stock will fully take into account the stock price, our financial condition, and investment plans. In August 2024, a board resolution was passed to acquire up to 2,500,000 shares of our own stock.

For details on Fostering Management Conscious of Capital Cost and Stock Price, see pages 20 to 22.

Operating income, profit (loss) attributable to owners of parent, ROE results, and Mid-Term Management Plan targets



\* Consolidated financial forecast announced on August 6, 2024

To Our Stakeholders

As efforts to attain a decarbonized society accelerate worldwide, the OSAKI Group is reducing its own greenhouse gas emissions and supporting customers in reducing their environmental impact through products and services. According to the newly established Corporate

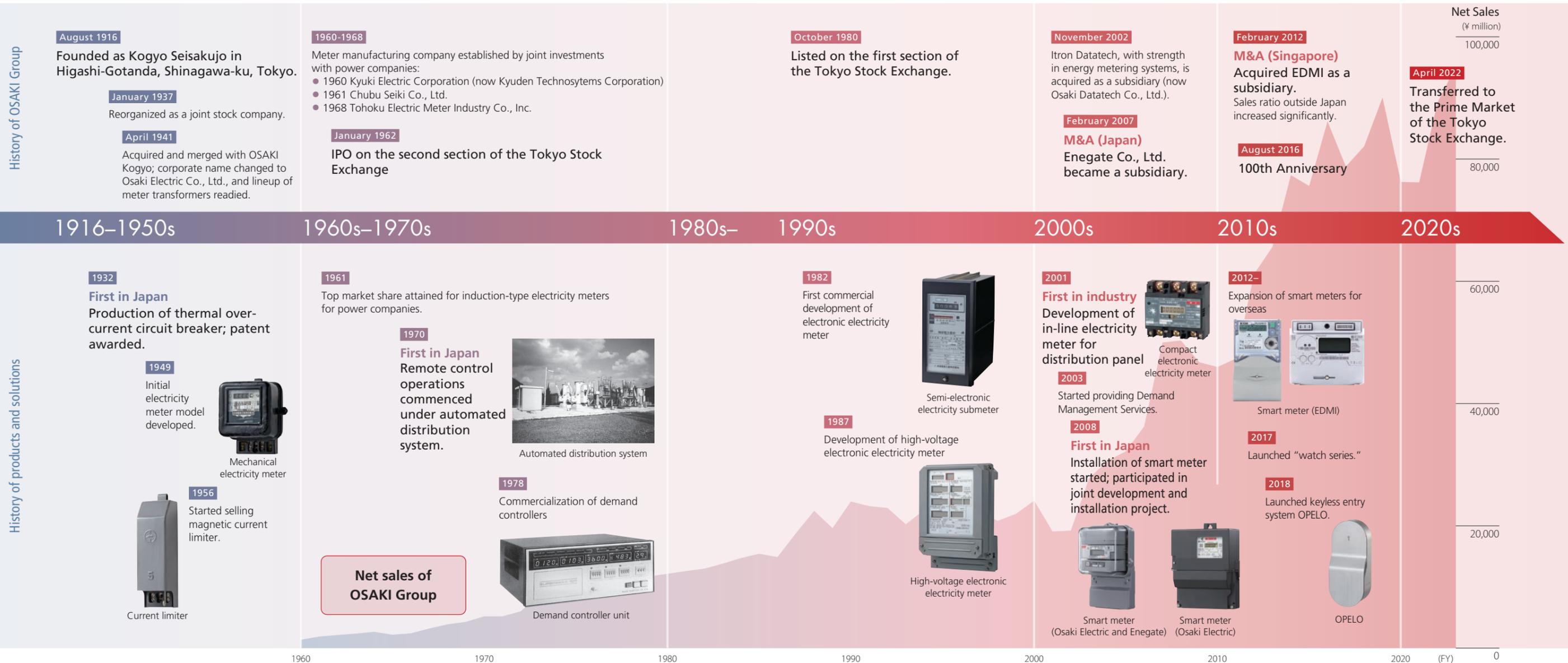
Purpose, "Creating new value for society through visualization of the invisible," we look forward to continuing our journey of sustainable growth in society, an endeavor for which we ask for your continued support.



# History

Over the 100 years since being founded, we have continued to evolve and expand the power measurement and control technology required by the times. Going forward, we will continue to provide a diversity of energy solutions and strive to achieve further business expansion and development.

\* Net sales for fiscal 1986 are for the 11-month period from May 1, 1986 to March 31, 1987.  
\* Consolidated net sales from fiscal 2003



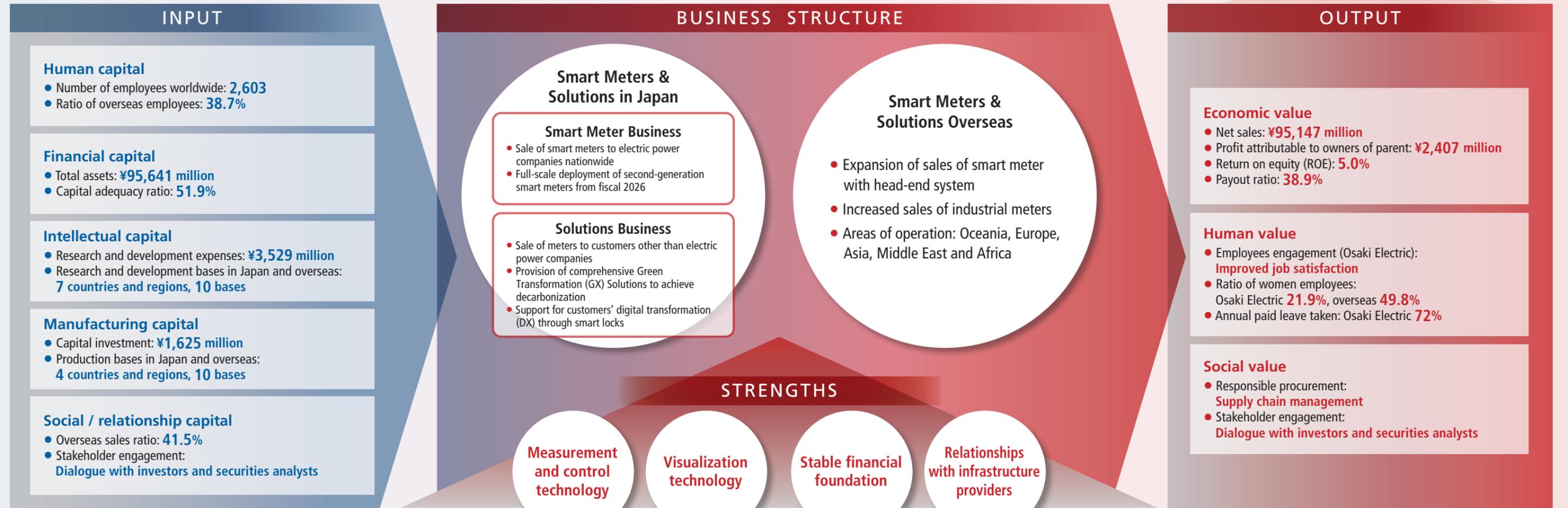
## History of Osaki Electric Corporate Headquarters / Operation Center



## Value Creation Process

### Philosophy (Purpose)

We create new value for society through visualization of the invisible.



### Mid-Term Management Plan (Fiscal 2024-2026) P23-24

- Creating new value for social infrastructure
- Supporting the streamlining of customers' operations (digital transformation)
- Transforming overseas business into profit-oriented business
- Providing comprehensive Green Transformation Solutions to achieve decarbonization (Japan)
- Building resilient Group Operations platform

### OSAKI Group Materiality Goals (Material Issues) P35-39

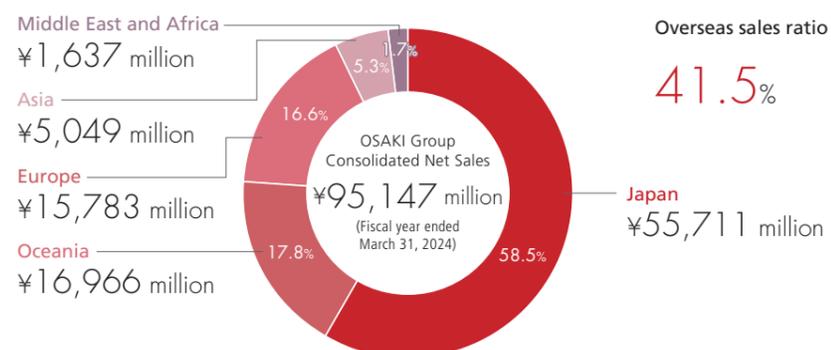


## Globalization

In addition to operating the smart meter & solutions business in Japan, the OSAKI Group provides products and services in many countries and regions through EDM, an overseas subsidiary of Osaki Electric.



### Sales by region



### Number of employees / Ratio of overseas employees (Consolidated)



### Main production bases



Saitama Operation Center, Osaki Electric Co., Ltd.

Senrioka Operation Center, Enegate Co., Ltd.

EDMI Electronics Sdn Bhd (Malaysia)

## Financial and Non-financial Highlights (Year ended March 31, 2024)

Net sales

¥ **95,147** million  
YoY 6.6% ↑

Increase in Japan due to strong sales in the switchgear business. Growth overseas due to an upturn in the electronic component procurement environment.

Operating income

¥ **5,874** million  
YoY 163.8% ↑

Growth in Japan as a result of temporary changes in the product mix. Increase overseas, reflecting more settled electronic component procuring following a surge caused by procurement difficulties.

Capital investment

¥ **1,625** million  
YoY 1.1% ↓

Depreciation

¥ **2,304** million  
YoY 10.9% ↓

Profit attributable to owners of parent

¥ **247** million  
YoY 82.4% ↑

Increase as a result of higher operating income.

Net income per share

¥ **51.36**  
¥27.86 for the year ended March 31, 2023

Increase due to increase in operating income.

Research and development expenses

¥ **3,529** million  
YoY 9.2% ↑

Number of employees (Consolidated)

**2,603**

Net assets

¥ **62,532** million  
YoY 6.7% ↑

Increase mainly due to increases in retained earnings and valuation difference on available-for-sale securities.

Net assets per share

¥ **1,057.46**  
YoY ¥76.02 ↑

Increase due to increase in net assets.

Ratio of women employees

Osaki Electric  
**21.9%**  
EDMI (Overseas)  
**49.8%**



Percentage of women in managerial positions (Osaki Electric)

**4.9%**



Return on equity (ROE)

**5.0%**  
2.9% as of the end of the previous fiscal year

Improvement due to increase in profits attributable to owners of parent.

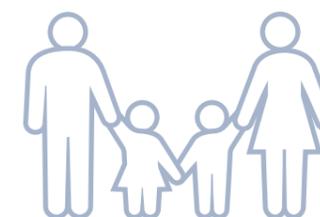
Capital adequacy ratio

**51.9%**  
YoY 2.6 percentage points ↑

Improvement due to increase in capital adequacy.

Number of employees who took childcare leave (Osaki Electric)

**10**  
(Eight of whom are male employees)



Average rate of annual paid leave taken (Osaki Electric)

**72%**



## Operating Results and Business Portfolio

### Analysis of Business Results for Fiscal 2023

The business environment in fiscal 2023 remained uncertain, amid concern over a global economic downturn fueled by tighter monetary policies around the world, the drawn-out worsening of the Russia-Ukraine conflict, and mounting tensions in the Middle East.

Notwithstanding these challenges, net sales for Smart Meters & Solutions in Japan increased 1.5% year on year with higher sales in the Switchgear business even though a trough in demand pending the introduction of the second-generation smart meter caused sales in the smart meter business to decrease slightly. Operating income increased 16.7% year on year, mainly due to temporary changes in

the product mix.

For Smart Meters & Solutions Overseas, net sales increased 17.6% year on year with an increase in shipments to the UK enabled by an upturn in the electronic component procurement environment and an increase in shipments to Oceania. Operating income was ¥1,155 million (compared with a loss of ¥1,886 million the previous fiscal year), reflecting higher sales as well as more settled electronic component prices after their previous surge.

The consolidated financial results are shown in the table below.

	FY 2023 results	Year-on-Year		Changes from initial forecasts	
		Amount	Ratio (%)	Amount	Ratio (%)
Net sales	95,147	5,894	+6.6%	7,147	+8.1%
Operating income	5,874	3,647	+163.8%	3,074	+109.8%
Ordinary income	5,488	3,603	+191.2%	3,088	+128.7%
Profit attributable to owners of parent	2,407	1,087	+82.4%	1,407	+140.8%

(¥ million)

### Business Portfolio

The Group's business portfolio strategy is to operate the Smart Meters & Solutions in Japan by product and service,

and the Smart Meters & Solutions Overseas by region, each further subdivided into respective subsegments.

#### Business Portfolio Categories and Positioning (Net sales represent external sales.)

Smart Meters & Solutions in Japan (by product and service) \* Net sales are on a management accounting basis.

**Smart meter business ¥34,966 million**

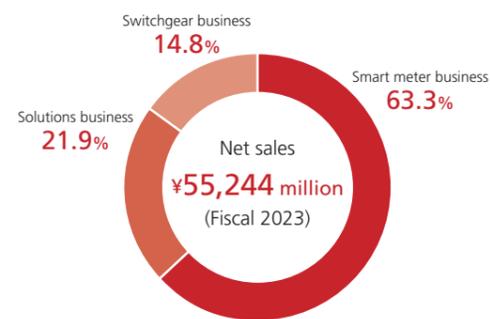
Contribute to stable profit as core business in Japan.

**Solutions business ¥12,104 million**

In Japan, provide solutions for social issues such as energy saving and decarbonization by leveraging strengths in smart meter business, and contribute to improving profitability.

**Switchgear business ¥8,173 million**

Respond to stable demand and maintain revenue and profit contribution.



Smart Meters & Solutions Overseas (by region) \* Net sales are calculated based on securities report classifications.

**Oceania ¥16,966 million**

Aim for stable profit growth by reinforcing solutions business by combining smart meters and head-end systems solution.

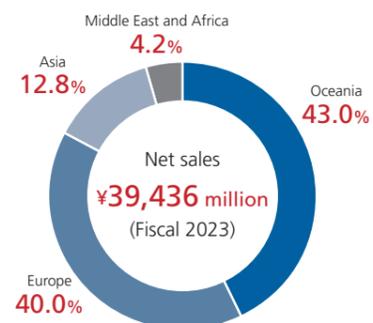
**Europe ¥15,783 million**

Improve profitability in the UK by improving product mix and reducing production costs.

**Asia ¥5,049 million**

Improve profitability by focusing on high-margin products and services, such as solution services and commercial and industrial meters.

**Middle East and Africa ¥1,637 million**



### Real Estate Business

Net sales **¥466 million** (Fiscal 2023)

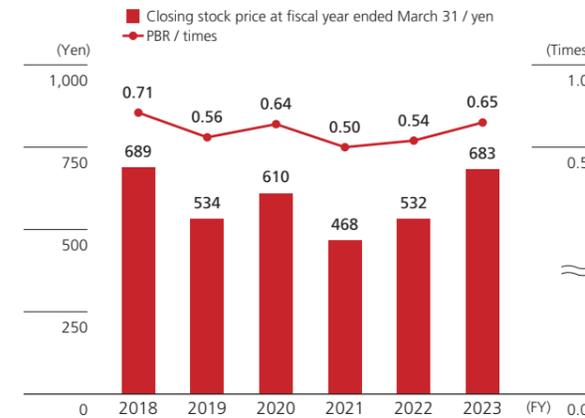
## Fostering Management Conscious of Capital Cost and Stock Price

### Current Situation

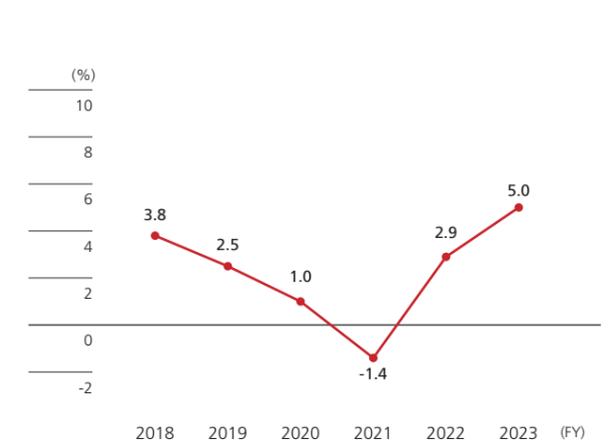
Thus far under a rolling Mid-Term Management Plan, OSAKI Group has worked on key initiatives to increase enterprise value. The year-end stock price, in fact, rose again in fiscal 2023 (year ended March 31, 2024); however, PBR has remained well below 1.0. Management believes

this low Price Book-value Ratio (PBR) arises from Return on equity (ROE) faltering below the cost of equity. In addition, strategies and plans for sustainable growth do not appear to be fully appreciated by our shareholders and investors.

#### Price Book-value Ratio (PBR) and Closing stock price at fiscal year ended March 31



#### Return on equity (ROE)



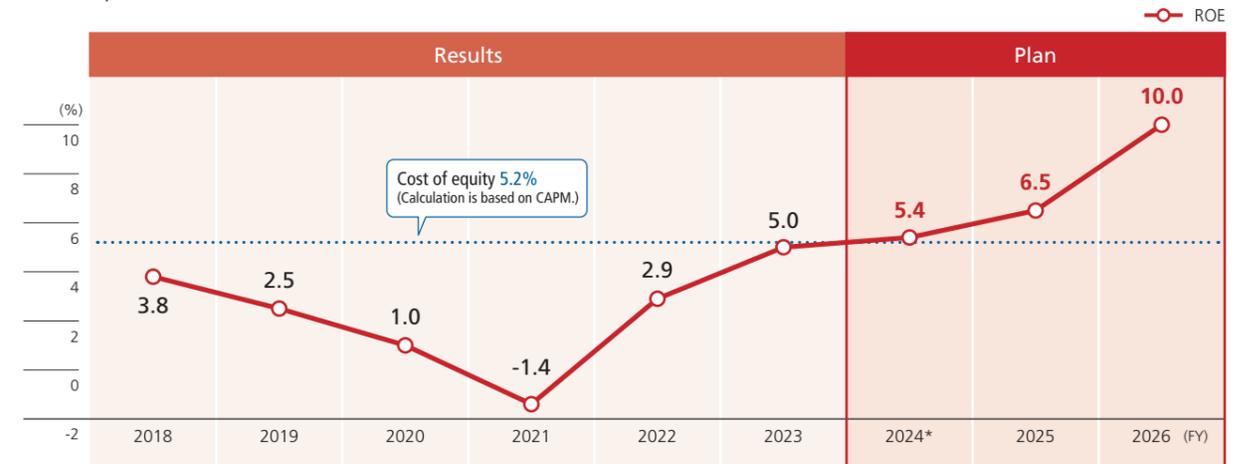
### Corporate Value Enhancement Initiatives

Taking account of the current situation, the OSAKI Group will aim to increase corporate value by executing the following four initiatives aimed at improving ROE, (1) Profit model reform, (2) Slim down the assets, (3) Shareholder Returns, and (4) Proper use of capital.

Our ROE has remained below the cost of equity partly

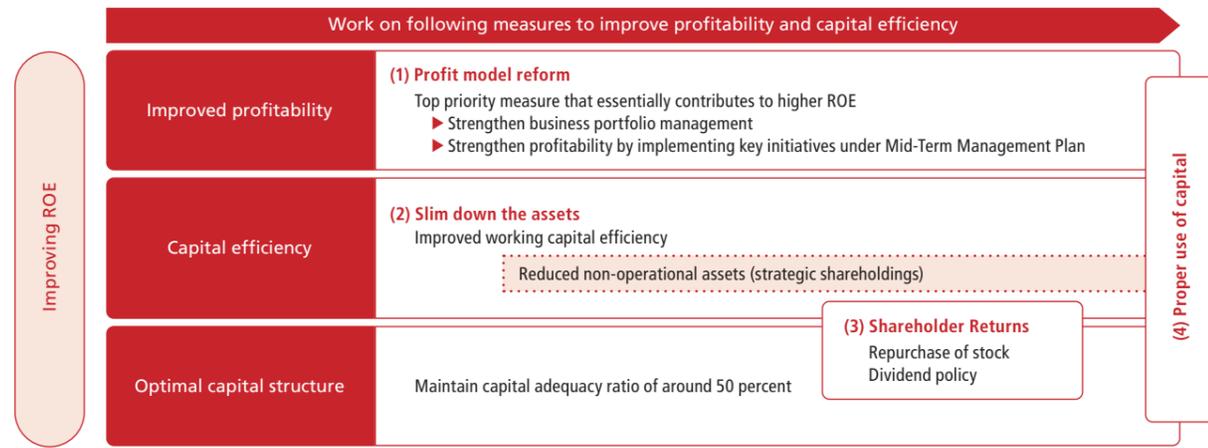
due to a failure to grow the solutions business in Japan and business overseas in the past. With regard to ROE, management will place top priority on surpassing the current cost of equity recognized as 5.2% and aim for 8% or more in the mid-term.

#### For improvement of ROE



\* Consolidated financial forecast announced on August 6, 2024

● ROE improvement initiatives



**(1) Profit model reform**

Successful implementation of our Mid-Term Management Plan, which started from this fiscal year, will strengthen profitability. Specifically, in the Japan business, in addition to securing earnings from the deployment of second-generation smart meters, we will work to expand earnings in the solutions business. In the Overseas business, the shift to sales of meters with head-end system will improve profitability. We see improved profitability as the top priority for improving ROE. By strengthening business portfolio management and steadily accomplishing key tasks under the Mid-Term Management Plan, we will enhance profitability.

**(2) Slim down the assets**

Improved working capital efficiency will be achieved through efforts to improve the cash conversion cycle and reduce inventories. Reduced non-operational assets will be achieved through the sale of strategic shareholdings. We are targeting a 30% reduction (around 2 billion yen) from the current level, to be executed over the three-year period of the Mid-Term Management Plan. The cash flows

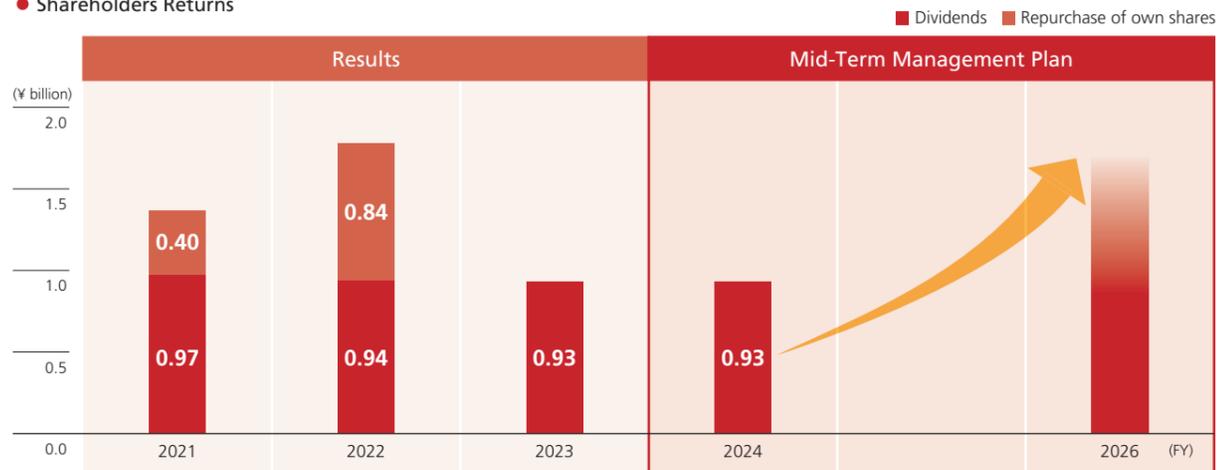
generated from these initiatives will be used mainly for growth investments to improve profitability.

**(3) Shareholder Returns**

The OSAKI Group regards the return of profits to shareholders as one of the most important management policies, with its basic policy being to distribute results in accordance with business performance while maintaining stable dividends to shareholders. We have adopted a dividend policy that employs the higher of either DOE (dividend on equity ratio) of 2% or payout ratio of 30% as a guideline for a steady redistribution of profits to shareholders, and aim to increase dividends at an early stage.

Regarding the repurchase of stock, we continually study repurchasing based on a comprehensive assessment of cash, recent performance, stock price, and pending investments. In addition, we have newly established a basic policy of specifying an upper limit on the total number of treasury shares held, and retiring shares without any use in principle. We retired 1 million shares of treasury stock under this policy in May 2024.

● Shareholders Returns



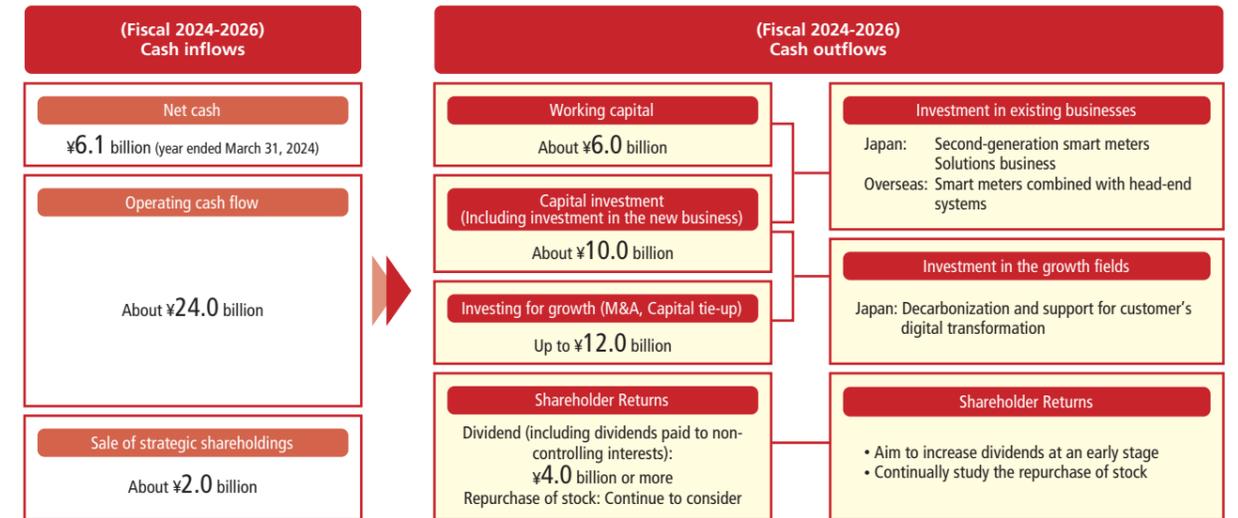
[Dividends] Results of fiscal 2021-2023 and outlook fiscal 2024 are annual dividend of ¥20 per share.

**(4) Proper use of cash**

The figure below shows total cash allocations over the three-year period of the Mid-Term Management Plan (fiscal 2024-2026). Operating cash flow of around ¥24.0 billion generated by the Group over the three-year period plus cash from the sale of strategic shareholdings will be used for investments to improve profitability and appropriate

distributions as shareholder returns. The Group will make aggressive capital investment in anticipation of the production of second-generation smart meters. We will also invest in growth fields such as decarbonization and support for customer's digital transformation (DX) in Japan, as well as making investments with a focus on M&A and capital tie-ups.

● Cash allocation policy



**Improving Capital Market Valuation**

We recognize that PBR improvement also requires higher PER and that a more favorable market assessment of future growth potential is necessary to attain higher PER. To gain market approval, the OSAKI Group is firmly implementing the Mid-Term Management Plan and driving management under sustainability principles and enhancing investor relations (IR) activities. Driving management under sustainability principles means responding to climate

change, executing and achieving our human capital strategy, and strengthening corporate governance. At the same time we are enhancing investor relations (IR) activities by stepping up investor relations (IR) activities and shareholder relations activities and expanding disclosures via the Integrated Reports and the corporate website.

## Mid-Term Management Plan (Fiscal 2024-2026)

In May 2024, the OSAKI Group announced a Mid-Term Management Plan covering the three-year period from fiscal 2024 to 2026. The Mid-Term Management Plan is the concrete strategy for realizing the Group's Philosophy (Purpose) defined as "We create new value for society through visualization of the invisible." The Group has revised the previous rolling method and fixed the target period for three specific years to execute towards achievement with certitude.

### Basic Policy

As its basic policy, the Mid-Term Management Plan aims for sustainable growth by leveraging Group synergies to the fullest and providing new solutions for societal challenges such as achieving decarbonization, with the smart meter at the core of all business.

For Smart Meters & Solutions in Japan, with the smart meter business at the core while the solutions business expands in response to the needs of society, including green transformation solutions and smart locks.

For Smart Meters & Solutions Overseas, transformation into a profit-oriented business continues by promoting sales of meters with head-end system alongside organizational transformation.

The OSAKI Group also plans to build resilient group operations platform to support these strategies, and will aim for the appreciation of corporate value through the creation of recurrent profits.

### Strategies Based on the Mid-Term Management Plan

In carrying out the Mid-Term Management Plan, the OSAKI Group will use the following strategies.

#### (1) Supplying added value to social infrastructure centered on smart meters (Japan)

In the Japan market, an optimal production system for second-generation smart meters, scheduled for full-scale deployment in fiscal 2026, will be built out with the aim of securing steady earnings. At the same time, the company will develop markets by creating new value for social infrastructure, introducing DC meters that can expand the use of renewable energy and electric vehicles.\*

\* Electric vehicles, fuel cell vehicles, plug-in hybrid vehicles, and hybrid vehicles

#### (2) Supporting the streamlining of customers' operations (digital transformation) by harnessing digital technology (Japan)

Smart locks contribute to labor savings in managerial operations of the rental properties market. The introduction of new products and stronger collaboration with partners will lead to expanded adoption in the rental properties market, other housing markets, corporate offices, etc. In addition, acquiring new installations and capturing replacement demand from existing customers are targeted for automated meter reading systems that reduce the burden of facility management operations.

#### (3) Providing comprehensive Green Transformation Solutions to achieve decarbonization (Japan)

Capitalizing on the growing urgency of decarbonization, energy management services will develop new customers across other industries as well as in the distribution and retail industries, where our current customers are engaged in physical multi-outlet operations. In addition,

the company will increase profitability with further offers to current customers of high value-added green transformation solutions alongside the structuring of business platforms for new green transformation solutions that have potential to become future growth pillars.

#### (4) Transformation into profit-oriented business (Overseas)

The following initiatives will roll out in Oceania, Europe centered on the UK, Asia, Middle East and Africa to further the transformation into a profit-oriented business.

- Provision of high value-added solutions tailored to market characteristics
- Reinforcing the commercial and industrial meter business
- Exit from low-profit markets
- Organizational transformation

In terms of the provision of high value-added solutions tailored to market characteristics, in Oceania, we will drive sales of meters with head-end systems and the introduction of next-generation meters to maintain high profit margins. In the UK, we will focus on improving profit margins by strengthening supply chain management and reducing costs, while in Asia, the Middle East and Africa, we will work to improve profit margins by shifting from standalone meter sales to sales of meters with head-end system.

In terms of reinforcing the commercial and industrial meter business and exiting from low-profit markets, we aim to further improve profit margins by stepping up sales of the commercial and industrial meters and withdrawing from unprofitable markets.

To ensure the execution of each of these strategies, we are also working on organizational transformation and pursuing business optimization.

#### (5) Building resilient Group Operations platform

The Group will implement the following initiatives to build a resilient group operations platform.

- Build strong teams by developing and deploying talent
- Strengthen group-wide risk management
- Improve capital efficiency and optimize cash allocation
- Promote sustainability initiatives

To build strong teams by developing and deploying talent, we will revise our personnel assessment and compensation systems to properly reward employees who produce results. We are working to support the career development of individual employees and develop human resources for core roles in the future through the selection

of human resources for fast track promotion and the systematic rotation of young employees.

The Group will drive initiatives to strengthen group-wide risk management, including gaining an understanding of business risks and strengthening governance.

To improve capital efficiency and optimize cash allocation, we will allocate the cash we generate in an appropriate manner, while improving working capital efficiency and maintaining a certain level of financial soundness.

In terms of promoting sustainability initiatives, we will drive initiatives to address material issues in order to achieve sustainable growth together with society.

### Financial Targets of the Mid-Term Management Plan

The OSAKI Group promotes strategies based on its business portfolio so that it can respond to changes in the business environment and achieve sustainable growth. The basic policy of the business portfolio strategy is to set targets by dividing the business segment into sub-segments.

In fiscal 2024, which is the current fiscal year, decreased profit is forecast, with a decline in the smart meter business in Japan caused by a trough in demand not fully offset by

growth in the solutions business in Japan and the overseas business. However, in fiscal 2025, profit will be improved through further expansion of solutions and services both in Japan and overseas, and we aim to achieve operating income of ¥9.0 billion and ROE of 10% in fiscal 2026, which marks the start of full-scale deployment of second-generation smart meters.

#### ● Business outlook

	FY2023 (Results)	FY2024 (Plan)	FY2024 (Forecasts)*	FY2025 (Plan)	FY2026 (Plan)
Net sales	95,147	90,000	97,000	95,000	100,000
Operating income	5,874	4,700	5,000	5,500	9,000
Profit attributable to owners of parent	2,407	2,000	2,700	3,500	5,500
ROE (%)	5.0	4.0	5.4	6.5	10.0

\* Consolidated financial forecast announced on August 6, 2024

### Intellectual Property Initiatives

We recognize that initiatives related to patents and other intellectual properties are important for the sustainable growth of the OSAKI Group. We are therefore engaged in various activities that include providing continuous

education relating to patents, developing systems, analyzing the current status of intellectual property, and considering areas that need to be strengthened.

#### Group Basic Policy of Intellectual Property

##### 1. Strengthening intellectual property

We will promote intellectual property activities in Japan and internationally in the field of smart meters and related solutions to increase the added value of our products.

##### 2. Respect for intellectual property

We respect the intellectual property of others and protect our own rights.

##### 3. Intellectual property education

We will conduct ongoing educational activities to improve employees' understanding of intellectual property.

Chapter 2 Business Strategies for Value Creation

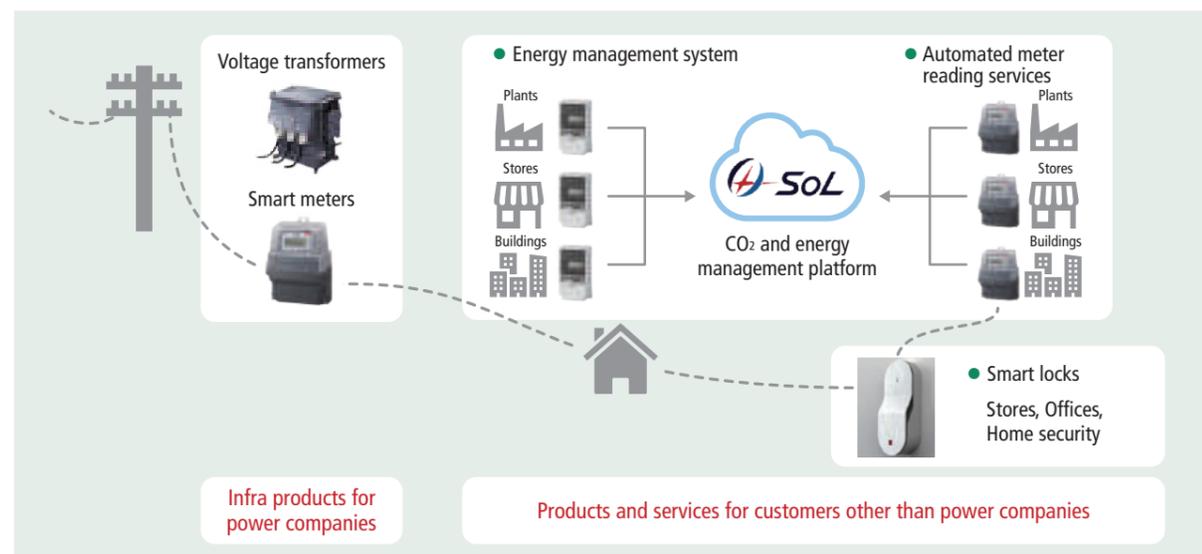
# Smart Meters & Solutions in Japan

## Focusing on Smart Meters as a Core, We Will Prioritize the Solutions Business and Contribute to the Realization of a Sustainable Society and Environment

Osaki Electric has contributed to the efficient use of electric power by providing the technology to accurately measure invisible energy and the technology to realize the monitoring of usage information and controlling consumption. With this power measurement and control technology based on our smart meters as the starting point, we are using new technologies such as IoT and AI to optimize power consumption and provide labor-saving solutions in operations related to social infrastructures.

Moving forward, our basic strategy will be to focus on smart meters as a core while expanding the solutions business in response to changes in the social environment. Our aim is to increase added value and expand our business by strengthening our response to customer needs. We will focus on solution businesses that provide one-stop decarbonization and GX, and contribute to the realization of a sustainable society and environment.

### Business Summary (Products and Services)



In Japan, we provide products and services across three areas based on energy measurement and control technology: the smart meter business, the solutions business, and the switchgear business.

The smart meter business provides smart meters and measuring control equipment, such as transformers to power companies nationwide.

The solutions business offers proposals and provides

products and services designed to solve various issues for customers other than power companies. Key products and services include energy management systems to optimize energy use in stores and factories, automated meter reading services to reduce the management workload in commercial facilities, and the "OPELO" smart lock series, which has a strong market share in the rental housing sector.

### Fiscal 2023 Financial Results

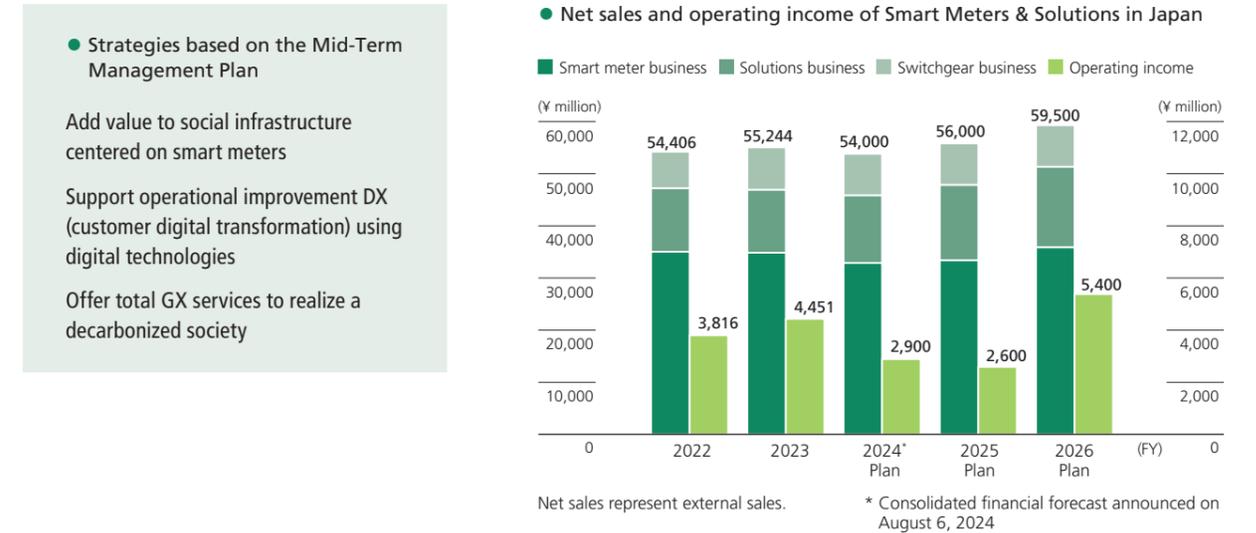
In Japan, although the smart meter business experienced a slight decline due to the demand gap leading up to the introduction of second-generation smart meters, sales of switchgear rose, resulting in a 1.5% increase in net sales

year-on-year, to 55,244 million yen. Operating income increased by 16.7% year-on-year, to 4,451 million yen due to short-term changes in product mix.

### Future Outlook of Fiscal 2024-2026

Over the next three years of the Mid-Term Management Plan, while we expect reduced revenue in the smart meter business until fiscal 2025, we aim to steadily grow the solutions business as the second pillar of the OSAKI Group.

In terms of operating income, we expect to see significant growth by fiscal 2026, when second-generation smart meters begin to contribute fully to earnings.



### Growth Strategies by Business Portfolio (Products and Services)

#### Smart meter business

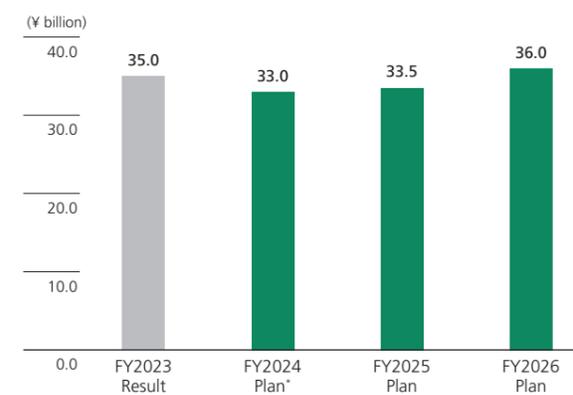
With an emphasis on enhancing social infrastructure through a strategy centered on smart meters, we will focus on driving profits with the introduction of second-generation smart meters. While shipments of current smart meters are anticipated to stay subdued until fiscal 2025 due to a demand gap, the nationwide rollout of second-generation models is set to begin in late fiscal 2025, and to contribute to earnings in fiscal 2026. Net sales are projected to rise from about 35 billion yen in fiscal 2023 to 36 billion yen in fiscal 2026.

During the transition from mechanical to smart meters, we successfully maintained market share. With the second-

generation smart meters, we aim to achieve an even larger share than that of current smart meters. Through group collaboration, we will establish an optimal production system, drive cost reductions, and improve profitability.

Second-generation smart meters are positioned as a means for advancing the digital transformation of the power industry. They are expected to bring social benefits that include boosting power resilience, stabilizing the supply-demand balance across the entire grid, promoting renewable energy and decarbonization, raising efficiency, and enhancing consumer benefits.

#### Net sales of smart meter business



Solutions business

The solutions business aims for growth by providing new solutions to social issues, based on the key strategies set out in the Mid-Term Management Plan: using smart meters to add value to social infrastructure, supporting operational improvements (customer digital transformation) using digital technologies, and offering total GX services to realize a decarbonized society.

Business landscape in Japan, as renewable energy adoption accelerates in pursuit of the 2050 carbon

neutrality target, shifts in energy supply and demand are driving a wide range of measurement and control requirements. Furthermore, with a declining labor force, there is a growing need for labor-saving solutions through digital technologies across various sectors. Our products and services, rooted in energy measurement and control technologies, aim to address these societal challenges. Net sales are projected to increase from 12.1 billion yen in fiscal 2023 to 15.5 billion yen by fiscal 2026.

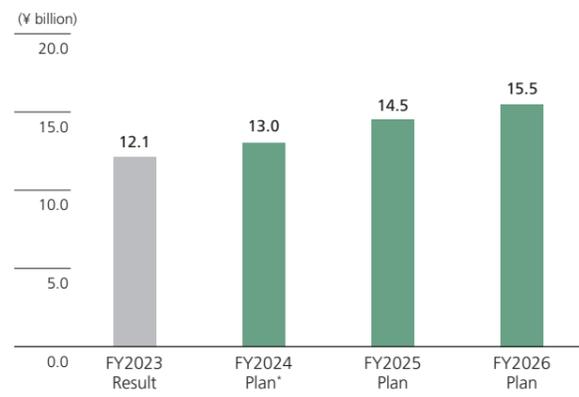


Demand monitoring devices that automatically regulate and control power usage by managing air conditioning and lighting systems.



A centralized automated meter reading system eases facility management and improves accuracy by automating the reading of meters.

● Net sales of solutions business



\* Consolidated financial forecast announced on August 6, 2024

Meters for non-power companies

We also provide meters and related equipment to a wide range of customers beyond power companies. For instance, in office buildings, commercial facilities, and apartment complexes, smart meters are used to allocate electricity costs based on individual tenant or resident consumption. These meters, termed "sub-meters," are installed by the building's management or owner. These products are supplied to building management firms, electrical materials distributors, and electrical contractors.

We also design meters for various applications which are used in a wide range of facilities. As part of our Mid-Term Management Plan, we will expand meter sales by tapping into demand for new installations and replacements among customers other than power companies. Additionally, we are focused on expanding our market by introducing products that address emerging measurement needs. In fiscal 2024, we launched a new DC electricity meter in response to the growing adoption of renewable energy and electric vehicles.\*

\* Electric vehicles, fuel cell vehicles, plug-in hybrid vehicles, and hybrid vehicles

● DC electricity meter

- Enable to manage the amount of electricity generated from solar and wind power and measure usage.
- Compatible with EV charging for a pay-per-use system that is expected to be in place by 2025.

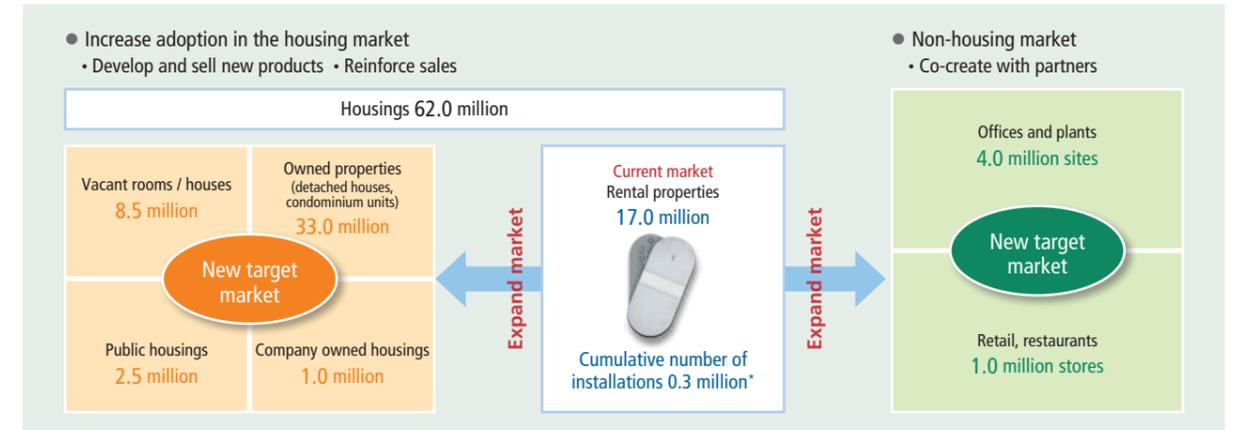


Smart locks

In 2018 we launched the "OPELO" smart lock developed to meet the need to streamline management tasks in rental housing. It reduces the amount of work involved in such tasks as changing locks when tenants move, and attending

on-site viewings. As part of our Mid-Term Business Strategy, we will continue to expand the adoption of smart locks in the housing market and develop new markets, including corporate offices.

Image of future actions in the smart locks business



\* From the 2018 Housing and Land Survey by the Ministry of Land, Infrastructure, Transport and Tourism, and the 2014 Commercial Statistics by Ministry of Economy, Trade and Industry.  
\* Cumulative number of installations (including installation approvals) since the OPELO series launched in 2018.

GX services

In GX services, we currently provide energy management systems to help optimize energy use in stores and factories, as well as automated meter reading services to reduce the operational burden on commercial facilities. As part of our Mid-Term Business Strategy, we plan to expand our customer base beyond our current retail-chain clientele. Additionally, by offering more value-added GX solutions to existing customers, we aim to enhance profitability and establish a strong business foundation to drive future growth. We also plan to boost proposals for installing and upgrading automated meter reading services for both new and existing customers.

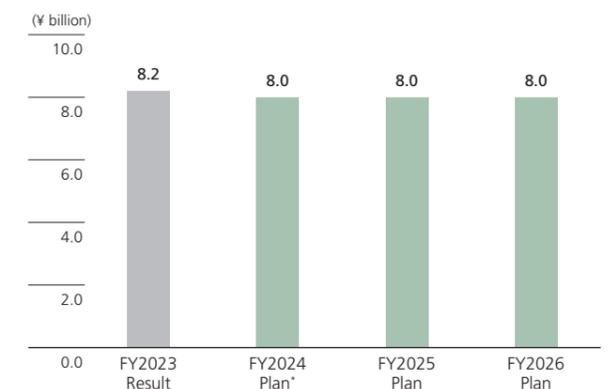


Activities at the Saitama Operation Center to reduce electricity consumption using an EMS

Switchgear business

In the switchgear business, we produce and sell distribution boards, control panels, and monitoring systems that manage electricity supplied by power companies based on specific usage needs within buildings. These systems are critical for facilities like office buildings, factories, and data centers, ensuring steady demand. As a result, we expect the level of net sales in fiscal 2026 to be at the same level as in fiscal 2023.

● Net sales of switchgear business



\* Consolidated financial forecast announced on August 6, 2024

TOPICS

Strengthening the Business Operations System  
- Transition to a Divisional Structure -



 <b>A</b> Jun Abe Executive Officer Head of Solutions Business Unit	 <b>B</b> Takehiko Ota Managing Executive Officer Head of Grid Systems Business Unit	 <b>C</b> Noriyuki Tokumoto Executive Officer Deputy Head of Solutions Business Unit and General Manager of Operation Management Department	 <b>D</b> Nobuyuki Ono Executive Officer Deputy Head of Solutions Business Unit and General Manager of Business Management Department	 <b>E</b> Toshiaki Takada Executive Officer Deputy Head of Grid Systems Business Unit and General Manager of Manufacturing Management Department
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To ensure the steady execution of the strategies outlined in the Mid-Term Management Plan, Osaki Electric underwent a company-wide organizational change as of June 27, 2024, transitioning to a two-division structure: the Grid Systems Business Unit and the Solutions Business Unit.

The transition to a divisional structure will strengthen collaboration across various functions that include sales, technology, and production, improving the speed and responsiveness of our business and driving profitability growth in both divisions.

Grid Systems Business Unit

The Grid Systems Business Unit, which is responsible for the sales, technology, and production of products for power companies, continues to face a challenging market environment in fiscal 2024, but we are focusing on securing revenue in line with the business plan. With installations of the second-generation of smart meters set to begin at the end of fiscal 2025, we aim to leverage our strength of serving 10 national power companies to gain

market share.

Rather than splitting production functions between the two divisions, they will be consolidated within the Grid Systems Business Unit. While building a production system for second-generation smart meters for fiscal 2025, this unit will also handle the manufacture of products managed by the Solutions Business Unit, thereby supporting the growth of both businesses.

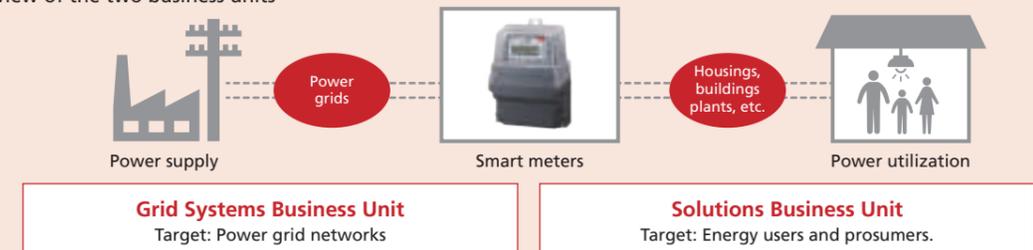
Solutions Business Unit

In the Solutions Business Unit, which provides products and services to customers outside the power industry, sales and technology teams work together to understand the diverse issues faced by customers and propose rapid solutions, accelerating business growth. We will expand existing markets such as meter products for general use, energy

management systems, automated meter-reading services, and smart locks, while also identifying societal needs to create new markets.

We have already started initiatives such as launching strategy-based products and services and other efforts aimed at expanding business.

Overview of the two business units



Example Initiatives by the Solution Business (GX Services)

Easy meter reading (launched in 2023)

In our automated meter-reading service, we are introducing solutions tailored for small to medium-sized commercial tenant buildings to expand our user base. This solution stands out for its affordability and can be easily implemented by replacing the existing smart meters. Tenants' electricity consumption is read automatically and the data is managed centrally in a cloud environment, helping to reduce building management labor and costs.

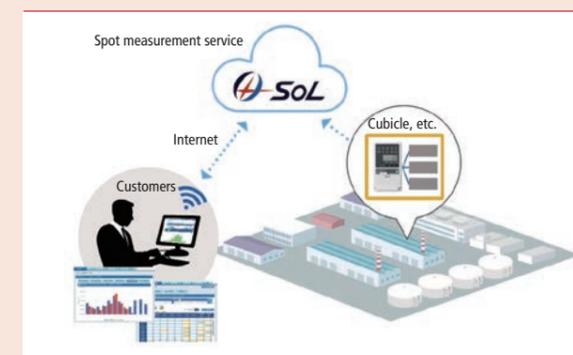
Initiatives for creating synergies with overseas businesses

We held a workshop that facilitated exchanges between engineers from Osaki Electric and EDMI, our overseas business subsidiary. The workshop focused on sharing development themes that both companies are working on in the medium to long term and actively discussing areas where synergies can be created.



Spot measurement service (launched in 2024)

In our energy management system, following a strategy that begins with retail businesses and extends to new customers across various industries, we launched a new "Spot measurement service" that can be deployed in as little as three months. This service enables customers to analyze power consumption in factories or facilities, allowing them to implement energy-saving measures, such as introducing optimal energy management systems.



# Smart Meters & Solutions Overseas



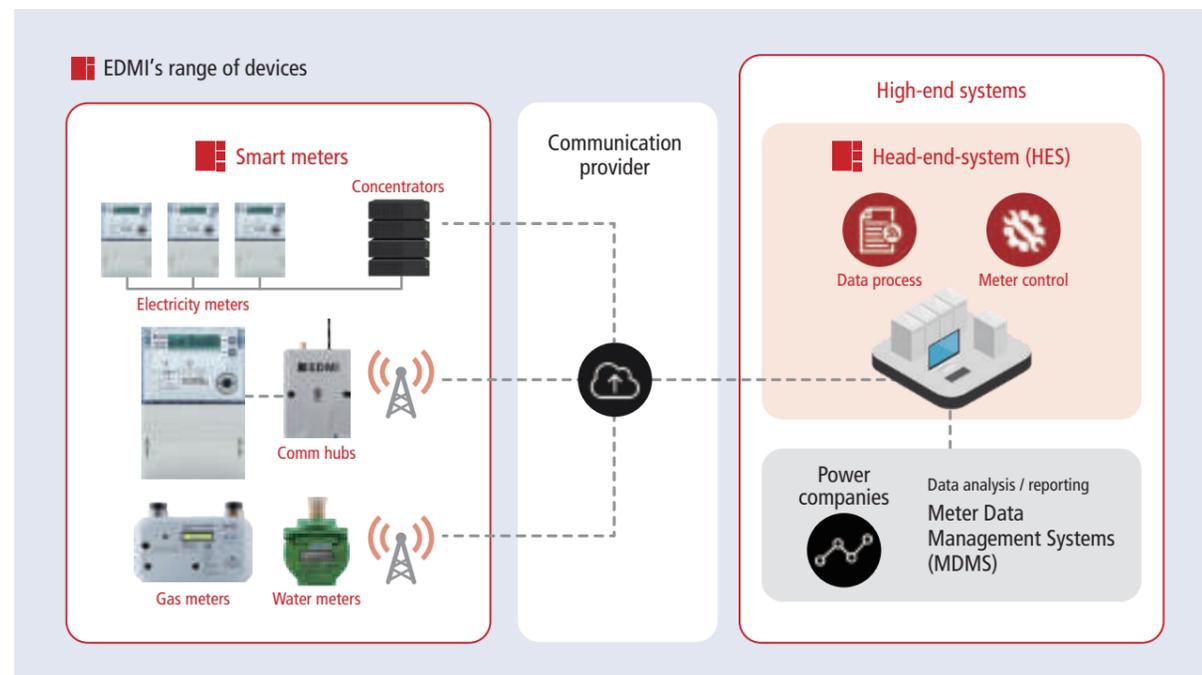
**Roy Kirsopp**  
Chief Executive Officer (CEO) of EDMI Group

## Driving Global Growth with Solutions Offerings in Response to Worldwide Increased Demand for Efficient Energy Management

Since its establishment in Australia in 1978, EDMI has built a leading position as a meter manufacturer. In the Mid-Term Management Plan, EDMI set a key strategy of profit-focused business transformation and will continue to execute strategies specific to each region while advancing organizational and structural transformation. Specifically, the current four-region structure will be integrated into a two-region structure\* and the business structure tailored to regional characteristics. At the same time, we will work to optimize operations, the supply chain, and the development system.

\* APAC (Oceania, Asia) and EMEA (Europe, Middle East and Africa)

### Business Summary (Products and Services)



In the Smart Meters & Solutions Overseas, in addition to smart meters, we also provide head-end system with functions such as data process and meter control, mainly for customers in Oceania. Additionally, we provide communication hubs and gas meters to the United Kingdom and water meters to parts of Oceania. In the medium term, the need to reduce CO<sub>2</sub> emissions

will increase amid the global acceleration of environmental conservation measures. We expect more customers to include comprehensive solutions for controlling emissions in their bidding conditions. Going forward, we will expand our provision of high value-added solutions from Oceania, where we already operate, to Asia, the Middle East and Africa to increase profit margins.

### Fiscal 2023 Financial Results

Smart Meters & Solutions Overseas, net sales increased by 17.3% year-on-year to 39,436 million yen, driven by increased shipments to the UK due to improved electronic components procurement conditions, along with increased shipments to Oceania. Operating income reached 1,155

million yen (compared to a loss of 1,886 million yen in the preceding year), aided by the increase in sales and the stabilization of previously soaring electronic component prices.

### Future Outlook of Fiscal 2024-2026

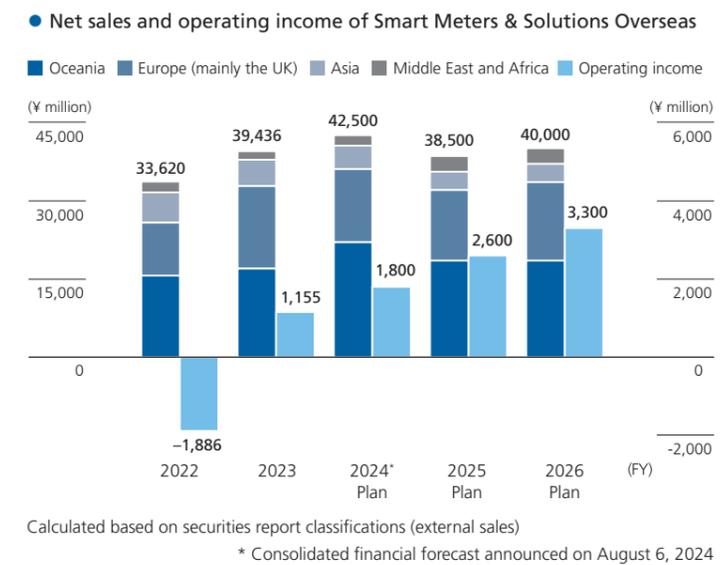
Over the three-year period of the Mid-Term Management Plan, we expect steady growth in the Oceania market, and continued demand in the UK. In Asia, as well as in the Middle East and Africa, business will be expanded

in selected markets with potential for profitability. Additionally, the plan is to transition into a profit-oriented business by strengthening high-margin products and services and implementing cost reductions.

- Strategies based on the Mid-Term Management Plan

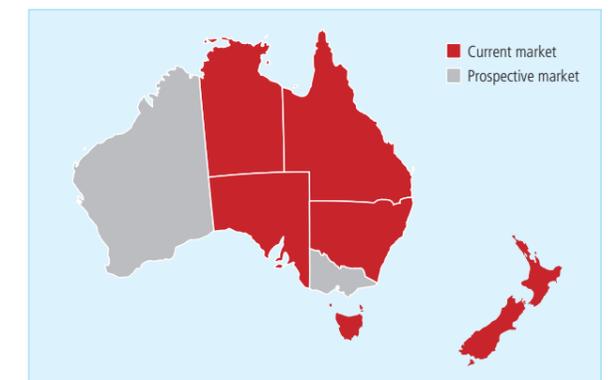
**Transformation into profit-focused business**

- Provision of high value-added solutions tailored to market characteristics
- Reinforcing the commercial and industrial meter business
- Exit from low-profit markets
- Organizational transformation



### Growth Strategies by Business Portfolio (Region)

● **Oceania**  
EDMI was established in Oceania, and with its strong customer relationship, is maintaining a very high market share. In this region, we provide value-added smart meters with head-end system, achieving stable profitability. As set out in the Mid-Term Management Plan, we expect stable growth in Australia as meter installations progress, and renewal demand to continue in New Zealand. Net sales are projected to grow from around 17 billion yen in fiscal 2023 to 18.5 billion yen in fiscal 2026. EDMI is aiming to contribute to its business growth by continuing the expansion of smart meter sales with head-end systems, developing markets that it has yet to enter and advancing the development of next-generation smart meters as a market leader in Oceania.



● Current market

Australia (5 Eastern states)	
Demand	7.2 million pcs
Shipment outlook	3.3 million pcs (up to 2029)
EDMI's market share	Approx. 78%

New Zealand	
Demand	2.1 million pcs
Shipment outlook	1.1 million pcs (up to 2035)
EDMI's market share	Approx. 75%

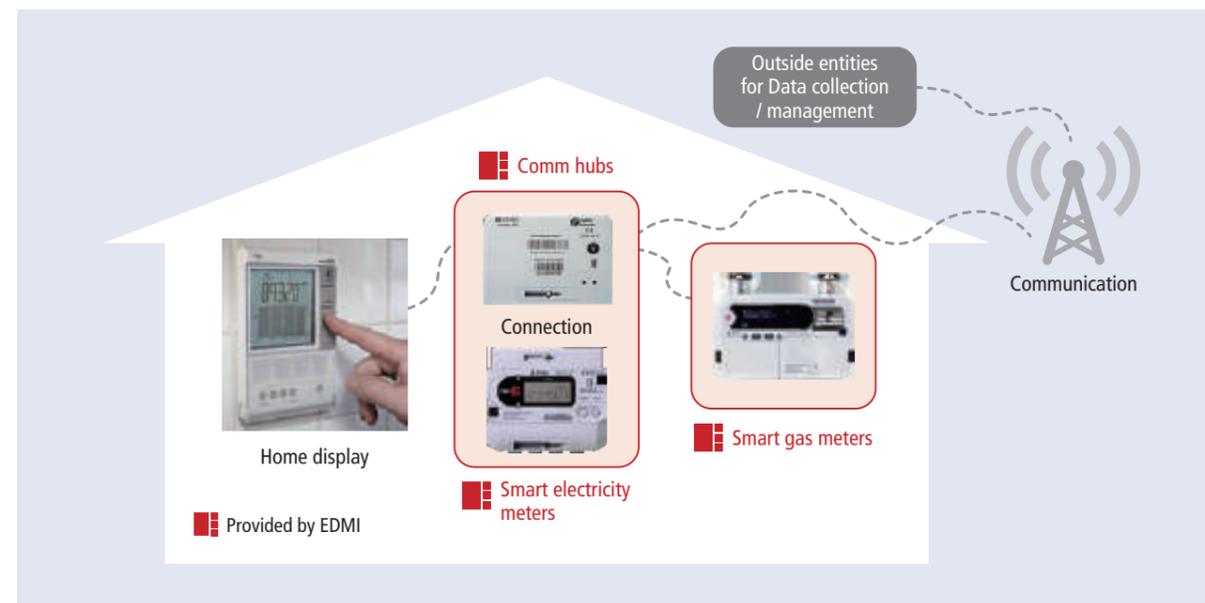
● Europe (mainly the UK)

In the UK, the government-led project for smart meter installations is moving ahead, with EDM I participating in the project. Although shipments are expected to temporarily dip in fiscal 2024 due to customer inventory adjustments, demand is forecast to remain high from fiscal 2025 onwards as the project progresses.

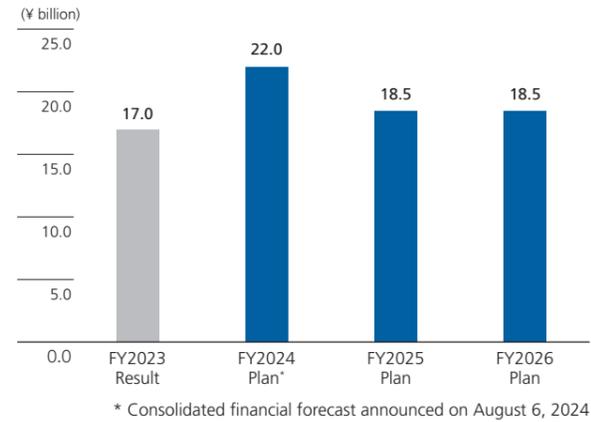
We are also working to improve profit margins by introducing low-cost models. Furthermore, the strengthening of supply chain management is leading to improved delivery times and lower costs. Net sales are projected to decline from 15.8 billion yen in fiscal 2023 to 15 billion yen in fiscal 2026.

Comm hubs	
Demand	30.0 million pcs
Shipment outlook	2.2 million pcs (up to 2026)

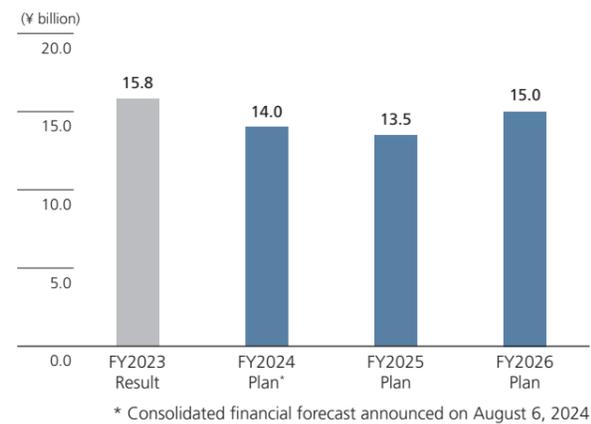
● Installation image



● Net sales of Oceania



● Net sales of Europe (mainly the UK)



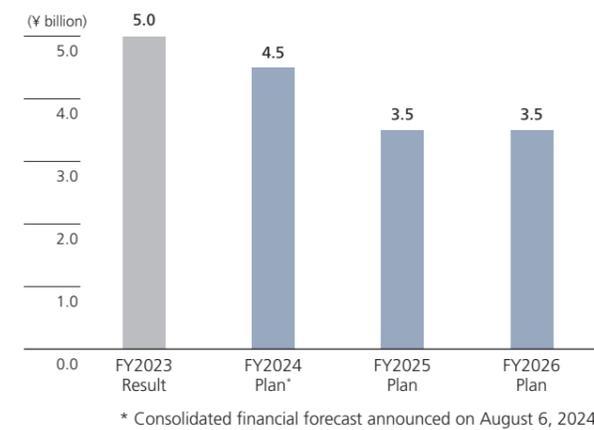
Smart meters (electricity meters and gas meters)	
Demand	53.0 million pcs
Shipment outlook	2.3 million pcs (up to 2026)

● Asia, Middle East and Africa

In Asia, we are prioritizing profitability by reducing standalone meter sales and withdrawing from low-margin markets. Going forward, we will concentrate resources on markets where we can sell high profit margin sets of meters with head-end systems. The specific plan is to strengthen our presence in Cambodia, Thailand, the Philippines, and Hong Kong. We are also aiming to further improve profit margins by increasing sales of high-precision, high-quality industrial meters in China, the Philippines, and Thailand.



● Net sales of Asia

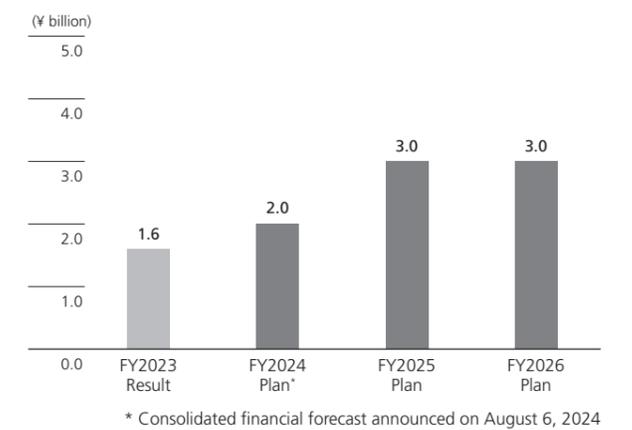


Net sales are projected to decrease from around 5.0 billion yen in fiscal 2023 to 3.5 billion yen in fiscal 2026.

Strong demand is anticipated from overall market growth in the Middle East and Africa. In this situation, we will select projects by comprehensively examining a range of factors including various risks and the soundness of cash flows. Net sales are expected to grow from around 1.6 billion yen in fiscal 2023 to 3.0 billion yen in fiscal 2026.



● Net sales of Middle East and Africa



## Real Estate Business

### Business Summary and Fiscal 2023 Financial Results

In the real estate business, we mainly make effective use of former business sites owned by the Company.

In fiscal 2023, year-on-year, net sales increased

by 0.1%, to 466 million yen, while operating income decreased by 5.9%, to 277 million yen.

Chapter 3 Foundation of Value Creation

Materiality for Sustainability

The OSAKI Group recognizes that responding to challenges against sustainability is one of its most important management issues that not only threatens corporate identity, but also expands profit opportunities.

Group's Direction for Sustainability

The OSAKI Group's Philosophy (Purpose) is defined as "We create new value for society through visualization of the invisible." and our vision as *Global Energy Solution Leader*. In line with these, we will contribute to sustainable

development of society and conserving the environment by collaborative efforts with stakeholders, and pursue our own sustainable growth.

Materiality for Sustainability

Taking diversifying social issues and the Group's business characteristics into account, the OSAKI Group has identified material issues that it will prioritize. By strengthening

business activities in its areas of priority, we aim to realize a sustainable society and achieve stable growth for the Group.

1. Minimize Environmental Impact

The OSAKI Group develops and deploys products and services that will minimize negative impacts on the environment. We are also committed to taking measures to reduce the impact on the environment through our business activities.



Contribution by smart meters

Smart meters are important infrastructure equipment with data collection and control functions and are being installed all over the world. The OSAKI Group contributes to improving energy efficiency by providing technologies for measuring and controlling through smart meters worldwide.



Promoting solutions to support decarbonization

Utilizing O-SOL, total solutions including energy management systems (EMS) and smart metering systems (SMS), we will contribute to reducing the environmental impact of society by visualization of CO2 emissions, support for the planning of CO2 reduction plans, and implementation of plans to reduce CO2 emissions.

Promotion of research and development

The Research and Development Center in Japan pursues the development of smart meters that contribute to more efficient use of electricity in society. The Group also collaborates with other organizations actively through open innovation to contribute to decarbonization.

Furthermore, we are developing total solution services in Oceania that combine smart meters and head-end systems for better energy consumption efficiency. We aim to deliver the total solution services to other regions in the future.

Reducing greenhouse gas emissions at manufacturing sites

We promote the reduction of greenhouse gases emitted particularly at manufacturing sites in and out of Japan. We declared our commitment and support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We will strengthen our organizational framework to follow the financial disclosure guidelines recommended by the TCFD recommendations.



2. Contributing to Sustainable Cities and Communities



Towards contributing to sustainable cities and communities in Japan, we are addressing particularly the issues related to labor shortages due to the declining birth rate and aging population, and building disaster-resilient cities. Overseas, we recognize the stable supply of electricity as an issue to address and we are committed to building the basic power infrastructure worldwide by delivering smart meters. The OSAKI Group provides solutions to sustainable cities and communities through products and services based on its measuring and controlling technologies.

Creating value-added smart meters

Smart meters are equipped with reliable communication protocols and are remotely operable, which enables smooth power recovery. These functions can be applied in the event of a disaster, such as the prevention of electrical fires and spotting locations of power outages. We are working to develop smart meters to create new added value.

Supporting the streamlining of customers' operations (digital transformation)

We will help realize a sustainable society through smart locks that contribute to labor savings in managerial operations of the rental properties market and through automated meter reading systems that reduce the burden of facility management operations.

Cooperating with partners

Osaki Electric launched NEXT 100teX Lab, an open laboratory, to promote collaboration across industries, university laboratories, local governments, and ventures. Together with our partners, we aim to create new solutions based on our development technologies for electric power measurement and control equipment with an aim to realize sustainable cities and communities.

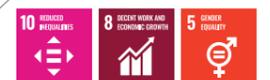


Contributing to global power infrastructure

EDMI, a subsidiary of Osaki Electric, is expanding its business globally, including in Oceania and Europe as well as in Asia and the Middle East. We will further expand our solutions services for smart meters and software, and contribute to the stable and efficient supply of electricity worldwide.



3. Respect for Human Rights



The OSAKI Group is committed to ensuring that we do not violate human rights and that we are not complicit in the violation of human rights through our group or our supply chains. We support and respect international codes of human rights, including the United Nations International Bill of Human Rights, the United Nations Global Compact, and the ILO Declaration on Fundamental Principles and Rights at Work.

The Group states in "OSAKI Group's Charter of Corporate Behavior" that the Group shall "conduct business that respects the human rights of all persons and take no part in any discriminatory action at all phases of our businesses." We conduct employee training and seminars on human rights, while conducting surveys of our business partners on human rights. In addition, we declared the statement on Modern Slavery acts in the UK and Australia, and work to prevent human rights infringement.

4. Creating a Diversified Workplace and Fostering Social Issue Solving Culture



The OSAKI Group emphasizes the education of its employees for the development of a corporate culture where all employees have high moral standards for environmental conservation and social issues and are actively pursuing solutions for these issues. We are committed to providing a secure and safe work environment where diversity is mutually recognized and all employees can work to their fullest capabilities.

Establishment of a workplace environment that recognizes and accepts differences

We promote the development of workplace environments and organizations so that employees with diverse attributes, values, and ideas can work comfortably and safely. We believe that the active participation of a diverse workforce contributes to the flexible resolution of important issues. In Japan, we are focusing on establishing a flexible work system where employees can choose various work styles according to their lifestyles and life events. Overseas, while diversity in workplaces is permeated, we are striving to elevate the quality of the work environment.

■ **Cultivating corporate culture with rich ideas and high morals**

We encourage employees to gain a variety of experience and knowledge so that they can respond flexibly and conceptually to changes and issues in society. In Japan, we provide opportunities for employees to step up in their careers and gain new challenges and experience. We support employees' autonomous career advancement through a variety of training programs and job rotations. At the same time, employees are provided with flexible work styles and a unique leave system. Overseas, as our headquarters is based in Singapore and there are subsidiaries in Australia, the UK, Malaysia, and other countries, we respect cultural diversity, and provide a work environment where highly specialized professionals in such areas as sales, R&D, operations, and administrative can demonstrate their capabilities. We are also working to invigorate intra-group communication to strengthen cooperation among different divisions.

■ **Promoting health management**

Osaki Electric promotes health and productivity management by acquiring certification as an Excellent Health and Productivity Management Corporation (Large Corporate Group). We conduct ongoing activities, such as holding health seminars for employees and endorsing each project, such as the "Action for Companies Promoting Countermeasures against Cancer."

**5. Strengthening Corporate Governance**



In order to fulfill its responsibilities to stakeholders based on its corporate philosophy, the OSAKI Group strives to strengthen its Group managements foundation and aims for sustainable growth.

■ **Corporate governance**

We recognize that strengthening corporate governance is an important management issue in maximizing sustainable corporate value. We continue to make fair management judgment to further increase management efficiency and transparency.

■ **Risk management**

In ensuring the sustainable development of our business, we prevent and mitigate risks, and promote risk management to minimize damage from crises and ensure rapid recovery.

■ **Compliance**

To strengthen the governance system, the Group recognizes the importance of all employees to comply with laws and regulations and act with a high sense of ethics. To ensure that all employees are aware of their actions, the OSAKI Group promotes and provides compliance manuals and a group helpline system.

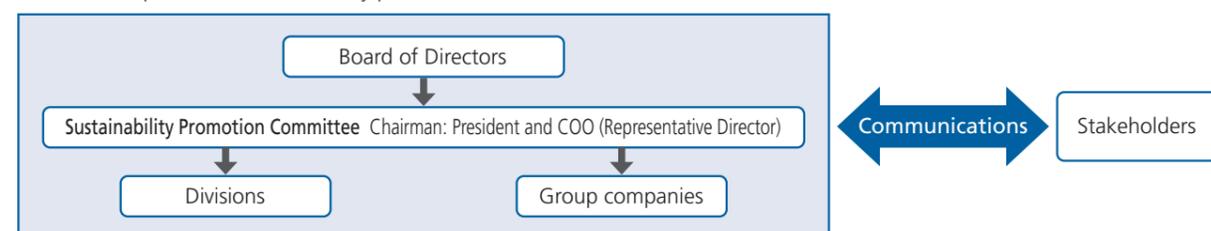
**Structure to Promote**

The OSAKI Group promotes all sustainability-related activities through the Sustainability Promotion Committee, chaired by the President and COO (Representative Director).

The Committee and the Secretariat are composed of members appointed by the Chairman, and the Committee

promotes and evaluates the Group's sustainability initiatives. The content of the Committee's deliberations is reported to the Board of Directors as appropriate, and reflected to the group management policy.

Our Group's current sustainability promotion structure is described below.



**The OSAKI Group Materiality Goals**

We set materiality goals to prioritize our challenges in providing solutions to social issues related to energy

through our operations, and continue to be an active member of a sustainable society.

**1. Minimizing Environmental Impact**

**4. Creating a Diversified Workplace and Fostering Social Issue Solving Culture**

**2. Contributing to Sustainable Cities and Communities**

**5. Strengthening Corporate Governance**

**3. Respect for Human Rights**

**1. Minimizing Environmental Impact**

Mid-term plan growth strategy: Supplying added value to social infrastructure centered on smart meters / Provision of comprehensive Green Transformation (GX) Solutions to achieve decarbonization

Material Issues	Social Issues	SDGs Goals	Scope	2030 Goals
Contribution by smart meters	Efficient use of energy	13 Climate Action	Group	Provide smart meters to contribute to an efficient and stable supply of various types of energy such as renewable energy or carbon neutral fuels
	Improving energy efficiency	7 Affordable and Clean Energy	Group	
Provision of decarbonization solutions	Cut down GHG emission	13 Climate Action	Osaki Electric	Provide decarbonization solutions to transform buildings and factories into eco-friendly facilities
	Actively form partnerships	17 Partnerships for Goals	Osaki Electric	Develop a new service for decarbonization with partners
Research and development	Improving energy efficiency	7 Affordable and Clean Energy	Group	<ul style="list-style-type: none"> <li>Develop Smart meters contributing to an efficient and stable supply of various types of energy</li> <li>Develop decarbonization solutions for greener effects</li> </ul>
	Develop sustainable infrastructure	9 Industry, Innovation and Infrastructure	Group	
	Develop green technologies	13 Climate Action	Group	
Cutting GHG emission at OSAKI	Cut down GHG emission	13 Climate Action	Group	Cut GHG emission by 46% (compared to FY2013)
	Using renewable energy	7 Affordable and Clean Energy	Osaki Electric	More than 99.5% recycle at the Saitama Operation Center
	Efficient consumption of natural resources	12 Responsible Consumption and Production	Osaki Electric	
	Improving water quality	6 Clean Water and Sanitation	Osaki Electric	

**2. Contributing to Sustainable Cities and Communities**

Mid-term plan growth strategy: Supplying added value to social infrastructure centered on smart meters / Supporting the streamlining of customers' operations (digital transformation) by harnessing digital Technology / Transformation into profit-oriented business (Overseas)

Material Issues	Social Issues	SDGs Goals	Scope	2030 Goals
Developing value added smart meters	Ensure access to basic infrastructure services in urban areas	11 Sustainable Cities and Communities	Group	Contribute to building efficient and resilient power infrastructure by smart meters
	Build resilient cities aging natural disasters		Group	
	Realize sustainable cities		Group	

Material Issues	Social Issues	SDGs Goals	Scope	2030 Goals
Supporting the streamlining of customers' operations (digital transformation)	Realize sustainable cities		Osaki Electric	Provide smart locks and automated meter reading systems to support cities, respond to a decrease in work population and maintain living properties
Partnerships	Realize sustainable cities		Osaki Electric	Create new businesses and technologies with partners
	Actively form partnerships		Osaki Electric	
	Develop sustainable infrastructure		Osaki Electric	
Building global energy infrastructure	Build sustainable power infrastructure globally		EDMI Group	Contribute to building a stable and efficient power infrastructure worldwide by providing smart meters
	Ensure access to resilient infrastructure with a focus on protecting the poor and people in vulnerable situations		EDMI Group	

### 3. Respect for Human Rights

#### Mid-term plan growth strategy: Building resilient group operations (Managing group risks)

Material Issues	Social Issues	SDGs Goals	Scope	2030 Goals
Respect for Human Rights	Abolish discriminatory laws, regulations, policies, and practices		Group	Build a framework to prevent any act or practice that violates human rights in the OSAKI Group and its supply chain
	Eradication of forced labor and child labor		Group	
	Ensure gender equality		Group	

### 4. Creating a Diversified Workplace and Fostering Social Issue Solving Culture

#### Mid-term plan growth strategy: Building resilient group operations (Building strong teams)

Material Issues	Social Issues	SDGs Goals	Scope	2030 Goals
Providing diversified workplace	Respect differences		in Japan	<ul style="list-style-type: none"> <li>Provide a work environment and regulations to ensure that every employee is accepted, safe and well motivated at work</li> <li>Keep a no-accident workplace</li> </ul>
	Provide rewarding work experience		in Japan	
	Ensure gender equality		Osaki Electric	
Building strong teams	Build strong teams		Osaki Electric	<ul style="list-style-type: none"> <li>Reinforce human resource development to build a flexible and creative organization in responding to changes in society</li> <li>Provide SDGs educational programs and certificates unique to OSAKI (All employees are to be certified in the programs)</li> </ul>
	Provide high-quality education to all		Osaki Electric	
Promoting health management	Provide rewarding work experience		Osaki Electric	Provide healthy work environment, both physically and mentally
	Ensure healthy work life		Osaki Electric	<ul style="list-style-type: none"> <li>100% secondary medical check-up rate</li> <li>0% smoking rate</li> </ul>

### 5. Strengthening Corporate Governance

#### Mid-term plan growth strategy: Building resilient group operations (Strengthen risk management)

Material Issues	Social Issues	SDGs Goals	Scope	2030 Goals
Strengthen corporate governance	Strengthen governance framework		Group	Continue to strengthen corporate governance
Strengthen risk management	Strengthen governance framework		Group	Ensure risk management
Enhance compliance	Promote fair policy		Group	<ul style="list-style-type: none"> <li>Ensure compliance</li> <li>Aim for a zero-occurrence of compliance cases</li> </ul>
	Abolish discriminatory laws, regulations, policies, and practices		Group	

## Responding to Climate Change

### TCFD

In November 2021, the OSAKI Group announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and joined the TCFD Consortium.

Furthermore, in May 2022, the OSAKI Group disclosed

medium-term goals for 2030 in the areas of governance, strategy, risk management system, and indicators and targets, based on the TCFD recommendations framework.



#### 1. Governance

The Sustainability Promotion Committee, chaired by the President and COO, deliberates on basic policies, important issues, risks, and opportunities related to sustainability, including climate change, and measures to address them.

The content of the deliberations is reported to the Board of Directors, and the Board of Directors oversees and supervises sustainability management.

#### 2. Strategy

##### (1) Scenario analysis

OSAKI conducted a scenario analysis on how climate change would affect our business using scenarios published by the International Energy Agency (IEA). Specifically, we have summarized anticipated climate change-related risks and opportunities in 2030, applying the 2°C and 4°C scenarios. In this analysis, the 2°C scenario suggests transition risks to maximize, while the 4°C scenario suggests physical risks to have a larger impact.

##### (2) Important risks and opportunities, and countermeasures

The table below summarizes the significant risks and opportunities that we anticipate will be significantly impacted by climate change, as well as our responses to those risks, in an effort to reduce risks and create opportunities.

#### ● Risks

Type		Climate-related risk	Measures
Transition risks (2°C scenario)	Policy and Legal	Increased costs related to restraint of regulations related to renewable energy and energy saving such as carbon tax, emissions trading and GHG emission control	Setting a GHG emission goal* to minimize the risk listed in the left column * OSAKI Group will cut GHG emission by 46% in FY2030 (compared to FY2013).
	Reputation	Financial institutions and investors avoid investing if OSAKI does not disclose climate-related information Insufficient climate-related disclosure may cause decreased orders from existing and new customers	• Disclosure based on TCFD recommendations • Setting the SBT (science-based targets)
Physical risks (4°C scenario)	Acute	• Increased severity of extreme weather events may bring negative impact on manufacturing and supply chain • Increased expenses related to disaster countermeasures and insurance	Proper execution of BCP such as production bases decentralization including outsourcing to minimize the risk listed in the left column

#### ● Opportunities

Type		Climate-related opportunities	Measures
Transition risks (2°C scenario)	Policy and Legal	Restraint of regulations related to renewable energy and energy saving such as carbon tax, emissions trading, and GHG emission control may lead to: 1) High demand for smart meters and head-end systems to measure power usage, in response to restraining or expanding applicable regions of emissions trading 2) High demand for OSAKI's decarbonization solution with stronger social and economical needs in energy saving	1) Development and marketing new value-added smart meters and head-end systems 2) Development and marketing decarbonization solutions transform buildings and factories into eco-friendly facilities
Physical risks (4°C scenario)	Acute	Increased severity of extreme weather events lead to social needs for stronger BCPs, leading to high demand for smart meters, which contributes to resilient power infrastructures	Development and marketing new value-added smart meters and head-end systems

#### (3) Business impact evaluation

Based on these analyses, we will reduce the financial impact of climate change on our Group's long-term growth by taking specific measures in each of the risks and

opportunities. We are currently assessing the possible impact on earnings in 2030 based on information obtained through scenario analysis.

### 3. Risk Management System

In order to ensure the sustainable and stable development of our business, our group identifies, analyses and evaluates risks, and takes necessary measures to reduce identified

risks. We regard climate change as an important risk and are promoting specific measures based on the Osaki Electric Group Basic Sustainability Policy.

### 4. Indicators and Targets

OSAKI aims to reduce greenhouse gas emissions related to Scope 1 and 2 by 46% in fiscal 2030 compared to fiscal 2013. At the same time, we aim to achieve carbon

neutrality by 2050 based on the "Green Growth Strategy Through Achieving Carbon Neutrality in 2050" formulated by the Japanese Government, among other measures.

### Participation in Initiatives

#### CDP

The Company responded to a survey on climate change by CDP, a non-governmental organization internationally committed to the disclosure of information on

environmental assessments, and was given a B rating certification in December 2022.



#### SBT

The OSAKI Group is working to understand and reduce the total GHG emissions of the entire supply chain, including Scope 3. In July 2024, we submitted a commitment letter

to the SBTi (SBT initiative) as the first step in gaining certification of SBTs (science-based targets) for the near-term target.

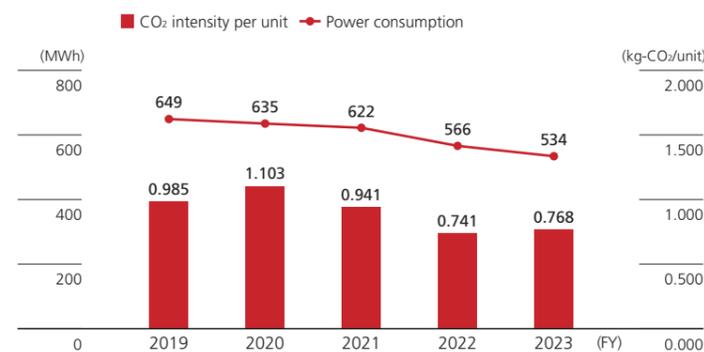
### Decarbonization Initiatives (Saitama Operation Center, Osaki Electric)

At Saitama Operation Center, we had previously been focusing on activities to reduce emissions through the introduction of our Energy Management System (EMS) to control the power consumption of our air conditioning systems. Now, solar panels have been installed on the factory roof, and our products began being used to

visualize power generation in fiscal 2023.

We draw on the knowledge gained through such initiatives when providing explanations to customers who are considering introducing our Energy Management System.

#### Power consumption and CO<sub>2</sub> intensity per unit



## Corporate Governance

We are improving our governance to sustain growth and increase corporate value.

### Fundamental Approach

Our Philosophy (Purpose) is defined as "We create new value for society through visualization of the invisible." The OSAKI Group's aim is and always will be to contribute to society through our business activities.

In line with this Philosophy (Purpose), Osaki Electric emphasizes the interests of shareholders and other

stakeholders and recognizes that enhancing corporate governance is an extremely important management issue for the long-term maximization of corporate value. We will continue to work to increase management efficiency, transparency, and fairness.

### Basic Policy

Following its fundamental approach, the basic policy of the OSAKI Group for corporate governance is as follows.

1. Ensure the substantial rights and equality of shareholders.
2. Maintain good relationships with stakeholders, including business partners, shareholders, financial institutions, employees, and local communities.

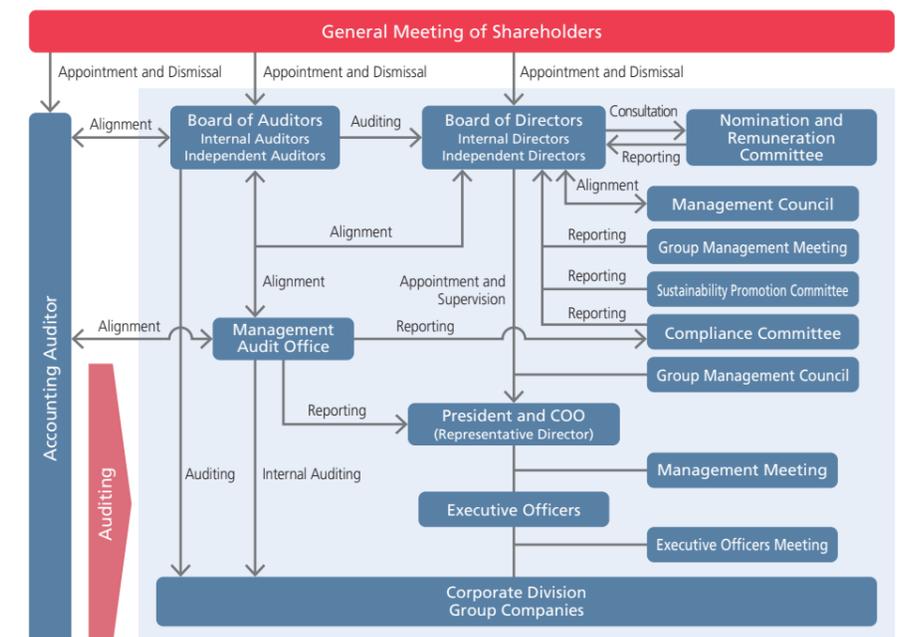
3. Ensure transparency through the timely disclosure of corporate information.
4. Ensure that Board directors and corporate auditors fulfill their fiduciary and accountability responsibilities to shareholders.
5. Engage in constructive dialogue with shareholders.

### Management Structure

Osaki Electric has a board of four auditors that includes two independent auditors, providing an auditing function for objective management oversight. The Board of Directors consists of seven members, three of whom are independent directors.

The independent directors and auditors were selected for their extensive management experience and practical knowledge, and the insight based on those qualities, and the external monitoring they perform will strengthen management monitoring and oversight functions.

The introduction of an executive officer system in June 2020 has further enhanced the supervisory function of the Board of Directors and at the same time ensured the speed and flexibility of executive functions, forming an ideal corporate governance system.



### Board of Directors

The Board of Directors consists of seven members, including three independent directors. The Board of Directors supervises executive directors and executive officers to ensure the fairness and transparency of management and decides on matters that based on law and regulations cannot be delegated to directors.

The authority regarding other matters to be resolved and decided on is delegated to executive directors and executive officers, and the Board of Directors conducts appropriate supervision based on status reports.

In principle, the Board of Directors holds monthly meetings and convenes further if necessary. Important matters are discussed at the Management Council prior to the board meetings, with an eye to delivering meaningful discussions and clarifying decision-making processes. This

practice allows the Board to respond flexibly to management environment changes and service efficient operations.

Additionally, Management Meetings involving internal directors are held on a weekly basis in principle. They implement multi-faceted studies and discussions of management issues that impact the OSAKI Group. The Executive Officers Meeting is held once a month in principle to share information on a company-wide scale and to expedite business operations.

As a part of Group governance, a Group Management Meeting is held once a month in principle, monitoring the activities of Osaki Electric, Enegate Co., Ltd and EDMI Limited.

### Independent Officers

The company seeks persons who have extensive management experience and practical knowledge as well as keen insight based on those qualities. These persons are appointed as directors or auditors who are independent of the management team. We expect these officers to provide good, independent advice, supervision and auditing of our business operations and activities.

Independent directors fulfill their supervisory function by attending the Board of Directors, the Group Management Meeting and other important meetings such as the Management Council as an opportunity to consider matters ahead of the Board of Directors and by taking part in deliberations and resolutions on important matters relating to the general management of the Company and offering useful and appropriate advice. Independent directors and auditors also organize meetings as

appropriate to exchange information and opinions.

Independent auditors seek to enhance audits by attending board meetings, the Group Management Meeting and other important meetings such as the Management Council as an opportunity to consider matters ahead of board meetings, holding regular meetings with Representative Directors to exchange opinions, and conducting on-site audits of each division and Group companies as appropriate.

In addition, like other auditors, independent auditors exchange information and opinions through meetings with the Accounting Auditor, the Management Audit Office and internal control departments and other means.

Criteria used by Osaki Electric to determine the independence of these officers are based on the listing guidelines of the Tokyo Stock Exchange.

Criteria to determine the independence of independent officers (in Japanese only): [https://www.osaki.co.jp/ja/sustainability/governance/c\\_governance.html](https://www.osaki.co.jp/ja/sustainability/governance/c_governance.html)

### Executive Officer System

Osaki Electric introduced the executive officer system on June 25, 2020. This shifted the focus of the Board of Directors to strengthening Group governance by defining its main role as management decision-making and supervision of business execution. By clarifying authority and responsibility for the execution of business, the Company established a system whereby executive officers execute business under the direction and supervision of the President and COO, increasing the agility of execution. By functioning with speed and agility as a holding company, Osaki Electric aims to maximize the corporate value of the Group as a whole. Accordingly, the Company's Board of

Directors has been significantly downsized from fifteen directors before the introduction of the executive officer system to seven directors, three of whom are independent directors. The clarification of supervisory and executive functions as a result of the executive officer system and the downsizing of the Board of Directors as a result also creates an environment where independent directors can function more effectively. Management believes that these steps have further strengthened the supervisory function of the Board of Directors and helped elevate the corporate value of Osaki Electric and the OSAKI Group.

### Skills Matrix

The Company has a small Board of Directors, which is responsible for important management decision-making functions and business execution supervisory functions, with capable personnel. The Company places importance on the following eight fields as skills that the Directors are

expected to have so as to appropriately fulfill the functions.

The skills matrix below shows the skills that each Director and Auditor. We believe that the Board of Directors as a whole has a diversity and balance of skills.

	Representative	Independent	Officers	Corporate Management	Industry knowledge	Global	Sales and marketing	Manufacturing and development	Finance and accounting	Legal affairs, governance, and risk management	Personnel, labor, and HR development
Directors	✓		Yoshihide Watanabe	✓	✓	✓	✓	✓			
	✓		Mitsuyasu Watanabe	✓	✓	✓		✓			
	✓		Haruyuki Kawabata	✓	✓		✓				
			Ryuichi Ueno		✓	✓			✓		
		✓	Masami Mizuno	✓					✓	✓	✓
		✓	Nobuhiro Kasai	✓		✓	✓				
		✓	Shoko Kuroki			✓			✓	✓	✓
Auditors			Choichiro Hori		✓		✓				
			Yutaka Hasegawa		✓				✓	✓	
		✓	Kumiko Kitai							✓	✓
		✓	Chihiro Kawai						✓	✓	

### Board of Auditors

Osaki Electric has a Board of Auditors, which fulfills a management oversight function through a system of audits by auditors including independent auditors. The Company has four auditors, two of whom are classed as independent auditors and independent officers to fulfill an independent checking function and ensure the independence and objectivity of the management oversight function. One of the independent auditors has a wealth of experience and expertise gained from holding important positions in central government ministries and agencies and as an attorney, and the other independent auditor has certificated public accountant and tax accountant qualifications and a wealth of practical experience in finance and accounting.

Audits are conducted by each auditor in accordance with audit policies and audit plans determined by the Board of Auditors. Auditors attend important meetings, including meetings of the Board of Directors, the Management Council and Group Management Meetings, and express opinions as appropriate. They also inspect business operations and assets, view important decision-making documents, and conduct interview surveys of the directors and executive officers in charge of each division. Through these activities, the Board of Auditors confirms whether directors have engaged in fraudulent activities in their

execution of duties as well as compliance with laws and regulations and the Articles of Incorporation.

In fiscal 2023, auditors conducted audits, focusing on the following seven key audit matters.

1. Each division's future initiatives to address issues to consider identified in "Implementation in Response to Audit Recommendations (Interim Report, Final Report)"
2. Implementation of the Group growth strategy
3. Response to the unification of specifications of all power companies for second-generation smart meters
4. Initiatives to address issues in overseas business
5. Initiatives for achieving operating profitability in the smart locks business
6. Initiatives for expanding commercial sales business
7. Initiatives for strengthening corporate governance and risk management, addressing environmental problems and other sustainability issues, and securing, developing and appointing diverse human resources

To fulfill its role of overseeing audits, the Board of Auditors compiled the results of the audits in the business year at the end of each fiscal year and submitted reports during the Board of Directors and other meetings.

## Nomination and Remuneration Committee

Osaki Electric established a Nomination and Remuneration Committee as an advisory body to the Board of Directors. The new committee strengthens the fairness, objectivity, and transparency of procedures relating to the nomination and remuneration of directors and auditors.

The Nomination and Remuneration Committee has five members, the majority of whom are independent directors or auditors. The chairman is an independent director.

The roles of the Nomination and Remuneration Committee include matters for which it receives consultation from the Board of Directors specified on the right.

1. Matters concerning the appointment and dismissal of directors and executive officers
2. Matters concerning the selection and dismissal of representative directors
3. Matters concerning the selection and dismissal of executive directors and executive officers with a role
4. Matters relating to succession planning (including successor development)
5. Director and executive officer remuneration system and remuneration determination policy
6. Details of remuneration for individual directors and executive officers
7. Remuneration limits for directors
8. Other matters deemed necessary by the Board of Directors

## Evaluation of the Effectiveness of the Board of Directors

Osaki Electric conducts regular analysis and evaluation of the functioning of the Board of Directors to make continuous improvements as required.

Starting from the fiscal year ended March 31, 2018, we conducted an analysis and evaluation every year in the form of a questionnaire, under the supervision of an outside consultant; however, in the fiscal year ended March 31, 2024, we opted for a discussion format from the viewpoint of exploring issues in more depth.

In the fiscal year ended March 31, 2024, we confirmed the status of actions based on issues identified in the previous fiscal year and, more than ever before, conducted analysis and evaluation of the effectiveness of the Board of Directors as a whole from the perspective of materiality.

As a result, we confirmed that our Board of Directors has continued to make gradual improvement and progress

and is effective, while at the same time recognizing that greater focus on the formulation of a successor plan is an issue that needs to be addressed.

In summary, it was found that specific policies and strategies on human capital had been formulated and the member composition of the Nomination and Remuneration Committee had been reviewed, and that advance discussion of important matters such as the Mid-Term Management Plan at the Management Council had enabled more efficient operation of the Board of Directors. We also confirmed that the Nomination and Remuneration Committee Regulations had been revised to clearly specify formulation of a successor plan as part of the committee's role and responsibilities and that discussions on the formulation of a successor plan had begun.

## Training of Directors and Auditors

Osaki Electric provides the following training to directors and auditors at its own expense so that its directors and auditors properly fulfill their expected roles as individuals who are a part of the Company's organs of corporate governance.

1. Newly appointed directors and newly appointed auditors
  - Participation in outside seminars directly after assuming office
  - Internal corporate governance training

2. Directors and auditors
  - Delivery of seminars on topics such as the Companies Act by outside experts at least once a year
  - Encouragement to participate in seminars on other useful topics
3. Independent directors and independent auditors
  - Provision of internal training on the Company's business in general (including tours of business sites) directly after assuming office, in addition to the foregoing

## Officers' Remuneration, etc.

### (1) Matters pertaining to the policy on determining the content of remuneration, etc. for individual directors

The Company has established a policy on determining the content of remuneration, etc. for individual directors (hereinafter referred to as the 'determination policy'). This determination policy was determined by resolution of the Board of Directors based on the deliberations and report of the Nomination and Remuneration Committee, a majority of whose members are independent directors and independent auditors.

When determining the content of remuneration, etc. for individual directors, the Nomination and Remuneration Committee considered consistency with the determination policy and appropriateness, and the Board of Directors also basically respected the committee's report, judging it to be in line with the determination policy.

The amount of remuneration of each auditor is determined through consultation among the auditors.

Starting from the fiscal year ended March 31, 2022, the Company abolished stock options as stock-based remuneration and introduced a restricted stock unit plan (excludes independent directors) to increase incentives to improve performance in the medium and long term and to further promote shared values with shareholders. Furthermore, to increase incentives to improve business results in the short term, the Company introduced performance-linked remuneration to be included within the total amount of annual monetary remuneration for directors of 300 million yen (provided that this amount does not include the employee wages of any director who is also an employee) resolved at the 92nd Ordinary General Meeting of Shareholders held on June 29, 2006.

### Basic policy

The Company's basic policy is that officers' remuneration shall be set at a level and composed in such a way that allows the Company to attract and retain the talent required for continuous enhancement of corporate value and improvement of corporate competitiveness and to function as an incentive to improve performance. More specifically, remuneration for directors who are responsible for business execution shall consist of basic remuneration, performance-linked remuneration and restricted stock units, and the percentages of each component shall be set at the optimal level for contributing to the sustainable improvement of corporate value. The remuneration for independent directors shall consist of basic remuneration only.

### Basic remuneration

Basic remuneration shall be fixed monetary remuneration paid monthly. The amount of basic remuneration shall be determined based on an officer's position, responsibilities and other factors and shall be reviewed in a timely manner taking into consideration factors such as business results, pay levels at other companies and social conditions.

### Performance-linked remuneration

Performance-linked remuneration shall be monetary remuneration that reflects performance indicators to raise the awareness of performance improvement each business year, and an amount calculated according to the degree of attainment of a target value

shall be paid as a bonus at a certain time every year, with the consolidated and non-consolidated operating margins, which indicate income earned from the core business each fiscal year used as a benchmark. In the fiscal year under review, the consolidated operating margin was 6.2% against a target level of 3.3% and the non-consolidated operating margin was 6.8% against a target level of 2.1%.

### Restricted stock units

At a set time each year, directors who are responsible for business execution are granted restricted stock units with a restriction period of up to 30 years, for the purpose of promoting shared values with shareholders and increasing incentives for improvement of performance in the medium and long term. The number of shares to be granted is determined based on various factors including position and responsibilities.

### (2) Matters related to resolutions of the General Meeting of Shareholders about remuneration, etc. for directors and auditors

The Company's 92nd Ordinary General Meeting of Shareholders held on June 29, 2006 resolved that the amount of monetary remuneration for directors shall not exceed 300 million yen per year (provided that this amount does not include the employee wages of any director who is also an employee). The number of directors as of the conclusion of the 92nd Ordinary General Meeting of Shareholders was fifteen. Aside from such monetary remuneration, the 107th Ordinary General Meeting of Shareholders held on June 25, 2021 resolved that the amount of monetary claim remuneration for the granting of restricted stock units shall not exceed 100 million yen per year (provided that this amount does not include the employee wages of any director who is also an employee). The number of directors (excluding independent directors) as of the conclusion of the 107th Ordinary General Meeting of Shareholders was five.

The 95th Ordinary General Meeting of Shareholders held on June 26, 2009 resolved that the amount of monetary remuneration for auditors shall not exceed 70 million yen per year (including monetary remuneration for independent auditors not exceeding 20 million yen per year). The number of auditors at the conclusion of the 95th Ordinary General Meeting of Shareholders was four (including two independent auditors).

### (3) Matters related to delegation of determination of the content of remuneration, etc. for individual directors

Yoshihide Watanabe, Chairman and CEO (Representative Director) and Mitsuyasu Watanabe, President and COO (Representative Director) both determine specific content such as the amount of remuneration for individual directors, taking the deliberations and report of the Nomination and Remuneration Committee into consideration and in accordance with a resolution by the Board of Directors delegating authority to them. The reason for delegation is that the Company judges that objectivity and propriety are ensured through the deliberations of the Nomination and Remuneration Committee and that these two individuals are familiar with the Group's management environment and circumstances and are capable of making an overall judgment.

## Election of Chief Executive Officer (CEO), etc. and Succession Planning

On the election of the Chief Executive Officer (CEO) or other Representative Director, the Chairman and CEO (Representative Director) prepares a proposal and consults the other Representative Director before submitting the proposal to the Board of Directors. Through the establishment of the Nomination and Remuneration Committee as an optional advisory body for the Board of Directors and its involvement in this process, the Company increases

independence, objectivity and accountability in relation to the nomination process.

We have clearly specified in regulations that succession planning is part of the role of the Nomination and Remuneration Committee, and we have also begun implementing initiatives, including successor development initiatives.

## Board of Directors, Statutory Auditors & Executive Officers

(As of June 27, 2024)

### Board of Directors

#### Yoshihide Watanabe Chairman and CEO (Representative Director)

Jul. 1980 Director, Osaki Electric Co., Ltd.  
Jul. 1984 Managing Director  
Jul. 1986 Senior Managing Director  
Jun. 1987 Executive Vice President (Representative Director)  
Nov. 1988 President and COO (Representative Director)  
Jan. 1989 Director, Tohoku Electric Meter Industry Co., Inc. (to date)  
Mar. 1989 Director, KYUSHU DENKI SEIZO Co., Ltd. (currently Kyuden Technosystems Corporation) (to date)  
Feb. 2007 Director, Enegate Co, Ltd. (to date)  
Jan. 2009 Chairman and CEO, Osaki Electric Co., Ltd.  
Mar. 2012 Chairman, SMB United Limited (currently OSAKI United International Pte. Ltd.) (to date)  
Jun. 2024 Chairman and CEO (Representative Director), Osaki Electric Co., Ltd. (to date)



#### Nobuhiro Kasai Director (Independent)

Jan. 2009 President & CEO, ROHDE & SCHWARZ JAPAN K.K. (retired June 2014)  
Jun. 2016 Director, Osaki Electric Co., Ltd. (to date)  
Oct. 2016 Head of Sales Division, Phase One Japan Co., Ltd. (retired in February 2022)



#### Shoko Kuroki Director (Independent)

Feb. 2017 Member of the Board, Executive Officer, CFO, CHRO, JASTEC Co., Ltd. (retired February 2019)  
Jun. 2019 Outside Director, IX Knowledge Inc. (to date)  
Jun. 2021 Outside Director, C'BON COSMETICS Co., Ltd. (retired June 2024)  
Apr. 2022 Professor, Faculty of Economics, Teikyo University (to date)  
Jun. 2023 Director, Osaki Electric Co., Ltd. (to date)  
Dec. 2023 Acting Chairman, Fund Management Committee, Organization for Workers' Retirement Allowance Mutual Aid (part-time, to date)  
Jan. 2024 Outside Director, PARK24 CO., LTD. (to date)  
Jul. 2024 Outside Director, Chiyoda Corporation (to date)



#### Mitsuyasu Watanabe President and COO (Representative Director)

Aug. 1986 Joined Osaki Electric Co., Ltd.  
Jun. 1988 Director  
Jun. 1994 Managing Director  
Jun. 2004 Senior Managing Director  
Jan. 2009 Executive Vice President (Representative Director)  
Mar. 2012 Chief Executive Officer, SMB United Limited (currently OSAKI United International Pte. Ltd.) (to date)  
Jun. 2014 President and COO (Representative Director), Osaki Electric Co., Ltd.  
Jun. 2020 President and COO (Representative Director) (to date)



#### Haruyuki Kawabata Executive Vice President (Representative Director)

Apr. 1970 Joined Osaki Electric Co., Ltd.  
Jun. 2000 Director  
Jun. 2004 Managing Director and Head of Administration Division, and General Manager of General Affairs Department  
Jun. 2005 Managing Director and Head of Administration Division  
Jun. 2011 Managing Director and Head of Domestic Sales Division  
Jun. 2012 Senior Managing Director and Head of Domestic Sales Division  
Jun. 2014 Executive Vice President (Representative Director)  
Jul. 2014 Director, OSAKI United International Pte. Ltd. (to date)  
Jun. 2016 Executive Vice President (Representative Director), Osaki Electric Co., Ltd.  
Jun. 2020 Executive Vice President (Representative Director) (to date)



#### Ryuichi Ueno Senior Managing Executive Officer Head of Group Strategy Division

Jul. 2010 Joined Osaki Electric Co., Ltd. Deputy General Manager of International Division  
Mar. 2012 Director, SMB United Limited (Currently OSAKI United International Pte. Ltd.) (to date)  
Jul. 2012 Managing Advisor and Deputy General Manager of International Division, the Company  
Jun. 2013 Director and Deputy Head of Corporate Strategy Division  
Jun. 2014 Managing Director and Deputy Head of Corporate Strategy Division  
Jun. 2018 Managing Director and Head of Corporate Strategy Division  
Jun. 2020 Managing Executive Officer, Head of Corporate Strategy Division  
Jun. 2024 Senior Managing Executive Officer, Head of Group Strategy Division (to date)



#### Masami Mizuno (New Director) Director (Independent)

Apr. 1975 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)  
Jun. 2002 Executive Officer, General Manager, Corporate Banking Division, Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.)  
Jan. 2006 Managing Executive Officer, Bank of Tokyo-Mitsubishi UFJ (currently MUFG Bank, Ltd.) (retired in June 2006)  
Jun. 2006 Vice President & Representative Director, Mitsubishi UFJ Research and Consulting Co., Ltd.  
Jun. 2010 Director, Senior Managing Executive Officer, Mitsubishi Paper Mills Limited, and Director, Japan Brazil Paper and Pulp Resource Development Co., Ltd. (retired in June 2012)  
Jun. 2011 Representative Director, Senior Managing Executive Officer  
Jun. 2015 Advisor  
Oct. 2015 President, Organization for Workers' Retirement Allowance Mutual Aid (retired in March 2023)  
Jun. 2024 Director, Osaki Electric Co., Ltd. (to date)



### Statutory Auditors

#### Choichiro Hori Standing Auditor

Jul. 2006 Tokyo Electric Power Company (currently Tokyo Electric Power Company Holdings, Inc.)  
Jul. 2008 Seconded to Toko Electric Corporation (currently TAKAOKA TOKO CO., LTD.)  
Oct. 2011 Seconded to Osaki Electric Co., Ltd. General Manager of Domestic Sales Division  
Jun. 2012 Director and Deputy Head of Domestic Sales Division  
Jun. 2018 Standing Auditor (to date)

#### Yutaka Hasegawa Standing Auditor

Apr. 1988 Joined Osaki Electric Co., Ltd.  
Jun. 2014 General Manager of General Affairs Department, Administration Division  
Jun. 2022 Auditor  
Jun. 2024 Standing Auditor (to date)

#### Kumiko Kitai Auditor (Independent)

Jun. 2014 Director (Independent), Sumitomo Mitsui Construction Co., Ltd. (retired June 2019)  
Jul. 2014 Established Kachidoki Legal Office (to date)  
Jun. 2019 Auditor, Osaki Electric Co., Ltd. (to date)  
Jun. 2022 Outside Director, Japan Petroleum Exploration Co., Ltd. (to date)

#### Chihiro Kawai (New Auditor) Auditor (Independent)

Oct. 1994 Joined Asahi & Co. (currently KPMG AZSA LLC)  
Apr. 1997 Registered as a certified public accountant  
Jul. 2006 Registered as a tax accountant  
Jul. 2006 Established Chihiro Kawai Accounting Office (currently Bayside Partners Accounting Office), Representative (to date)  
Jun. 2016 Established Bayside Partners Co., Ltd., Representative Director (to date)  
Dec. 2018 Member of Yokohama City University Evaluation Committee (retired in December 2022)  
Jun. 2021 Outside Audit & Supervisory Board Member, Utoc Corporation (retired in June 2022)  
Jun. 2024 Auditor, Osaki Electric Co., Ltd. (to date)

### Executive Officers

**Takehiko Ota**  
Managing Executive Officer  
Head of Grid Systems Business Unit

**Jun Abe**  
Executive Officer  
Head of Solutions Business Unit

**Toshiaki Takada**  
Executive Officer  
Deputy Head of Grid Systems Business Unit and General Manager of Manufacturing Management Department

**Hiroshi Takahashi**  
Executive Officer  
Head of Corporate Division

**Hiroyuki Hatakeyama**  
Executive Officer  
Deputy Head of Corporate Division and General Manager of Finance & Accounting Department

**Nobuyuki Ono**  
Executive Officer  
Deputy Head of Solutions Business Unit and General Manager of Business Management Department  
President and Representative Director, La crasin Inc.

**Noriyuki Tokumoto**  
Executive Officer  
Deputy Head of Solutions Business Unit and General Manager of Operation Management Department

## Messages from Independent Directors & Auditors



Masami Mizuno  
Director (Independent)

The OSAKI Group established the Purpose in fiscal 2024, with the stated goal of “We create new value for society.” In line with this, the company revised its Mid-Term Management Plan, switching from a five-year rolling plan to a fixed three-year plan. To ensure the execution of this plan, we also undertook a major organizational transformation for the first time in 24 years, shifting from a function-based organization to a divisional structure, and clarified accountability for profits.

As an independent director, entrusted with fiduciary responsibilities and accountability to shareholders, I acknowledge the importance of achieving the target of 9 billion yen in operating income and a 10% ROE in the final year of the Mid-Term Management Plan, which aligns with the company's 110th anniversary. This goal represents a critical commitment to our shareholders. Moreover, by enhancing portfolio management, I will provide effective oversight of the management team to ensure the progress of profit structure transformation and will make every effort to realize these objectives.

As chairman of the Nomination and Remuneration Committee, I am actively involved in the formulation and execution of the succession plans for the CEO and COO and intend to contribute to the company's sustainable growth.



Kumiko Kitai  
Auditor (Independent)

The OSAKI Group has spent the past year redefining its corporate purpose and clarifying the core values important to all employees in pursuit of sustainable growth. A new Philosophy (Purpose) was established: “We create new value for society through visualization of the invisible.” The Company is fully committed to ensuring the success of the Mid-Term Management Plan, which outlines the concrete strategy for realizing this new value.

As an auditor, along with the Board of Auditors, I believe that in addition to fulfilling our statutory duties of “protection,” it is also essential to contribute to the Company's sustainable growth by providing management with the necessary insights and opinions based on the information gathered through audits.

As an independent auditor, I will contribute to the group's sustainable growth and enhancement of corporate value by taking an objective stance, gathering information on management challenges through important meetings such as board meetings, interviews with executive officers, and reports from full-time auditors, and by asking direct questions and providing opinions.



Nobuhiro Kasai  
Director (Independent)

The OSAKI Group has notably revised its approach to the Mid-Term Management Plan, maintaining consistent goals over a three-year period rather than adjusting them annually. The main emphasis is on meeting the targets for operating income and ROE. To enhance accountability for profit and loss, the company has implemented significant organizational changes, shifting to a divisional structure. In recent years, discussions within the Nomination and Remuneration Committee have also driven reforms in the evaluation and compensation systems for directors and executive officers.

The overseas business companies, which account for 30% of consolidated sales, have made progress in their transformations and have started contributing to profits since last year. The goal for the next three years is to improve cash flow and achieve an operating income margin of 8%.

In Japan, preparations for the development and production of second-generation smart meters are progressing well, but it will take some time for the market to fully launch. Achieving the Mid-Term Management Plan's objectives will require prioritizing the establishment of the Solutions Business Unit and expanding the market.

While looking to maximize shareholder profits, I also aim to create an environment where employees can work energetically and grow personally, and in which the Company can contribute to society and achieve sustainable development. I also intend to contribute to corporate governance as an independent director.



Chihiro Kawai  
Auditor (Independent)

I was appointed as an independent auditor in June 2024. My top priority is to deepen my understanding of the Company's business and organization, and I have found that there are many opportunities for independent directors and auditors to receive information, such as regular business report meetings, and the environment encourages active participation from independent directors and auditors.

In the Mid-Term Management Plan covering fiscal 2024 to 2026, the Company aims to achieve a 10% ROE by expanding the solutions business, which is centered on smart meters, while also responding to social and environmental changes. The Company will also pursue high added-value strategies, improve profitability, and enhance capital efficiency.

To achieve these goals swiftly, compliance and internal controls, which serve as the brakes, are as important as the accelerator. Under the Philosophy (Purpose), which is “We create new value for society through visualization of the invisible.,” my aim is to contribute to improving the quality of management by enhancing the “brake” function as a member of the board of auditors to ensure the Company's sustainable growth.



Shoko Kuroki  
Director (Independent)

The OSAKI Group's greatest challenge is improving profitability, as generating sufficient profits is essential for making future investments.

To ensure that invested capital consistently generates returns and to enhance capital efficiency, the company will introduce ROIC in fiscal 2024. Efforts are also underway to build a framework that raises awareness of capital efficiency among all employees in their daily work. Additionally, the company is reducing non-business assets by selling certain fixed assets and decreasing policy-holding shares. In overseas business, active organizational transformation has been implemented to ensure strategic execution, and positive results are beginning to emerge.

The key to the Group's sustainable increase in corporate value lies in providing value in the decarbonization and Green Transformation (GX) areas. By launching GX consulting and next-generation energy management services, the Company aims to establish a business foundation that will become the pillar of the next phase of growth. This year, the Company consolidated into two business units, with development, sales, and production working together to focus on the solutions business.

To contribute to a sustainable society, I am committed to enhancing synergies within the Group under the “One OSAKI” approach and helping the Company evolve into one that can further enhance the value provided to customers. I will continue my endeavors to contribute as an independent director.



## Compliance

The OSAKI Group promotes activities to ensure that employees comply with legal requirements and observe high ethical standards.

### Basic Policy

The basic Group policy is that officers and employees shall comply with the letter and spirit of laws, show social common sense in their actions, and fulfill their social

responsibilities at a high ethical level under the principles set out by the Group's Charter of Corporate Behavior.

### Compliance Code of Practice

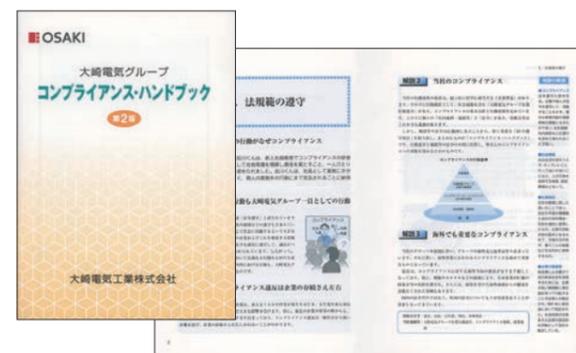
The code of practice is based on the Corporate Philosophy, with the Charter of Corporate Behavior forming the action guidelines that define the basic policies and principles of compliance. These include 22 compliance items of the OSAKI Group Compliance Handbook, and internal rules and regulations based on legal requirements, which officers and employees are required to observe.

Compliance Code of Practice



### Compliance Manual

Based on the compliance policy, the Compliance Handbook includes a compliance manual of 22 items showing guidelines related to specific compliance actions to be taken by all executives and employees. The handbook is handed out to promote compliance in educational activities.



### OSAKI Group Helpline

To strengthen compliance management, the OSAKI Group has established a helpline system to handle information or consultations related to organizational or individual violations of law and fraudulent acts.

Such information is reported internally, as well as

externally via a law firm that is independent of the company. Information is reported anonymously in verbal, written form, or by email, etc. Whistleblowers are assured that they will not be subject to dismissal or other unfair treatment for their actions.



## Risk Management

The OSAKI Group takes precautions to minimize risks.

### Basic Policy

The basic policy shows a commitment to the continuous and stable development of the business by identifying and evaluating risks in advance and taking countermeasures.

Risk management identifies, evaluates, and minimizes

latent risks in daily work operations, and crisis management is used to minimize the effect of disruptive and unexpected events and get back on track.

### Guidelines

The following action guidelines have been established in line with the basic policy.

1. The highest priority is on ensuring the quality and safety of products and services. To that end, we strive to eliminate and mitigate factors that adversely affect all stakeholders.

2. We are a committed supplier of products and services that are widely used throughout society. We provide a stable supply of products and services.  
3. Officers and employees obey laws, rules and regulations in a spirit of compliance, and act ethically based on their best judgment.

### Process

Risk management is performed according to the following procedure.

1. Risk identification
  - (1) Identify actual or potential risks in the operations of each department.
  - (2) Compliance, quality, environment, product liability, export and control committees each identify actual and potential risks.
2. Risk analysis and evaluation
  - (1) Each department and committee evaluates the impact and possibility of occurrence of each identified

risk and creates a risk map.  
(2) A company-wide risk map is created based on the risk maps submitted by each department and committee.  
3. Response to risk
 

- (1) Take measures to avoid, reduce, and control evaluated risks.
- (2) Establish an emergency response plan when risks become apparent.

In addition, business risks are monitored every month at management meetings and other meetings.

### Information Security Management

Recognizing the importance of information assets, the OSAKI Group considers it has a social obligation to protect information.

The energy management department has an information security management system (ISMS) to protect customer and corporate information assets from tampering, leakage, and loss, and to quickly provide required information. If an information security incident does occur, the damage can be contained, recovery is quick, and

recurrence prevented. In 2017 the ISMS received ISO/IEC 27001 certification. The system ensures the confidentiality, integrity, and availability of important information assets and their continued effectiveness.





## Together with Employees

The OSAKI Group respects diversity in the workplace and encourages its employees to play an active role in promoting a fair and transparent work environment. Employees have access to development programs for advancing their careers.

### Diversity

We respect diversity in the workplace and strictly forbid any form of prejudice based on race, nationality, gender or age, and any other forms of disrespect against diversity.

#### Women in managerial positions

Osaki Electric is implementing initiatives based on action plan targets to increase the recruitment of women and develop a corporate culture and environment where women can actively participate and advance their careers.



The percentage of women in managerial positions at Osaki Electric was 4.9% as of March 2024, and the Company aims to increase this to 6% by the end of fiscal 2026 and 10% by the end of fiscal 2030.

#### Foreign nationals and mid-career hires

The Company does not set actual target percentages for foreign nationals and mid-career hires but endeavors to ensure diversity through the following initiatives.



- Foreign nationals already make up a large proportion of the Group's workforce and work in managerial roles and as core employees at all our overseas sites.
- As of March 2024, the percentage of mid-career hires in managerial positions at Osaki Electric was 31.3%. The Company secures the professionals that it needs to realize its business strategies and also secures the human resources it needs to further elevate its corporate value.

#### Human resource development policy

To achieve the targets under its Mid-Term Management Plan, the OSAKI Group is working on the following, with the aim of developing individuals who can embody our Values (Challenge, Promptness, Innovation, and Dedication to Society).

- Providing opportunities for employees to plan their own lives, choose their own careers and achieve self-fulfillment
- Systematically developing core human resources and potential managers by providing opportunities for practical experience through fast-tracking
- Systematically rotating young employees to help them grow as individuals and energize organizations
- Increasing retention by reviewing assessment and compensation systems from the viewpoint of human resource development that delivers results
- Expanding opportunities for the secondment of young engineers for IT training aimed at increasing productivity and the development of human resources for digital transformation

#### Internal environment improvement policy

We have always aimed to create vibrant workplaces and have embraced work style reform, including flextime and remote working, an "office casual" dress code, and office renovation at our Saitama Operation Center. In addition, in fiscal 2023, we introduced an "Engagement Survey" in a bid to increase the motivation of individual employees and energize the organization. Going forward, we will continue to drive such initiatives further. At the same time, we will carry out a review of our personnel systems in connection with the June 2024 restructuring, share and promote our purpose and values to change ways of thinking and encourage more autonomy, and strive for sustainable improvement in our corporate value.

and exemption from or restrictions on overtime work for parent employees.

#### Promoting work style reforms

Reforms include reducing overtime, encouraging employees to take paid leave, and instituting telework.



### Enhancing Health and Productivity Management

Osaki Electric is implementing Health and Productivity Management initiatives in accordance with its Health and Productivity Management declaration: The OSAKI Group strives to create healthy and safe work environments where everyone finds it easy to work. In March 2024, we were certified as a Health and Productivity Management Excellent Corporation 2024 (in the Large-scale Corporate Division) for a fifth consecutive year.



\* "Health and productivity management" is a registered trademark of Nonprofit Organization Kenkokeiei.

### Occupational Health and Safety

#### Health and safety

Osaki Electric holds health and safety committee meetings at each business location every month, to develop workplace environments where all employees can work safely and enjoy peace of mind and job satisfaction.

#### Mental health

As part of occupational health and safety measures, a stress check system has been established to raise awareness and support coping with stress, thereby improving workplace environments and preventing mental health issues. Stress check manuals have been issued, and under a stress check plan and schedule, all employees, in principle, undergo stress checks conducted by the company's occupational physicians and public health nurses.

### Human Resource Diversity and Health Management Goals

The following goals have been set to achieve human resource diversity and health management.

Indicators	FY2026 Target	FY2030 Target	FY2023 Results
Percentage of women in managerial positions	6%	10%	4.9%
Percentage of male employees who took childcare leave	80%	100%	64.0%
Wage differential between men and women	70%	75%	67.9%
Percentage of women employees	25%	30%	21.9%
Percentage of smokers	15%	0%	22.0%



## Together with Customers and Business Partners

The OSAKI Group ensures the quality and safety of products and services. We promote fair and appropriate transactions with business partners and socially responsible procurement.



## Together with Society

The OSAKI Group is involved in a wide range of activities to contribute as a member of society in all the countries and regions in which it operates.

### Quality

The OSAKI Group places the highest priority on ensuring the quality and safety of its products and services. We engage in sincere dialogue on products and services to maintain the trust of our customers.

We are a responsible supplier of products and services that are widely used throughout society. It is our social mission to provide a stable supply of products and services.

### Quality Management System

The OSAKI Group makes continuous improvements in quality-related activities. In 1996, Osaki Electric obtained ISO 9001 quality management certification. As of 2024,

Osaki Electric and some of its Group companies have obtained ISO 9001:2015 certification.



### Designated Manufacturer

On February 23, 1999, Osaki Electric became the first manufacturer in Japan designated by the Ministry of Economy, Trade and Industry. As a designated manufacturer, Osaki Electric ships out self-inspected

products with a guaranteed quality equal to the certification of the Japanese Electric Meters Inspection Corporation.



### Promoting Fair Business

The OSAKI Group conducts procurement with an emphasis on fair and free competition, transparent transactions, and an awareness of our social responsibility.

#### Product liability management

We act in full compliance with the Product Liability Act and promote product safety measures, the prevention of accidents, and the taking of appropriate measures in the event of an accident group-wide. Each business department, division and Group companies cooperates in the implementation of product liability activities under the leadership of the Product Liability Committee.

#### Security export control

The OSAKI Group has established a Security Export Control Committee headed by the president. The Committee is composed of administrative, sales, and technical departments, and is responsible for developing regulations, reviewing and approving export transactions, and providing Group companies with guidance.

### Handball Team: Supporting Sports and Community

Osaki Electric has been supporting handball events for over 60 years. The Company has a handball team, "OSAKI OSOL SAITAMA."

OSAKI OSOL SAITAMA contributes to communities by taking part in youth handball classes and regional sporting events. The Company takes part in community activities that go beyond athletic sports.

Furthermore, in collaboration with the town of Miyoshi, which is where the handball team is based, the Company strengthens its engagement with children in the local community through sport and contributes to regional revitalization and youth development, including forming a junior handball team. The Company received an award from the town of Miyoshi in 2022 in recognition of these achievements.



### Contributing to Local Communities Globally

EDMI contributes to local communities through a range of activities in the countries and regions in which it operates.

In Singapore where EDM I is headquartered, EDM I supports numerous organizations that are tackling social issues. In 2023, EDM I donated a handmade game used for in-house events for use in activities to improve the lives of elderly people.

In the UK, EDM I teamed up with local companies in a tree-planting campaign, which resulted in the planting of a total of 128 trees in Africa in the period from July to December 2023. Also in October, which is Breast Cancer Awareness Month in the UK, EDM I held various events including its annual "Wear it Pink" contest and football charity match, and raised £1,500 in donations.

Meanwhile in Australia, EDM I employees took part as volunteers in a tree-planting campaign to support koalas, which have been classified as an endangered species because their habitats have come under threat from wildfires.





## Together with Shareholders and Investors

The OSAKI Group discloses corporate information in a fair and timely manner. Constructive dialogue with stakeholders is used to build relationships of trust and improve corporate value.

### Dialogue with Investors

The OSAKI Group holds regular events such as meetings on financial results and also holds one-on-one interactions with institutional investors and securities analysts whenever needed, to provide timely, accurate, and fair information to establish and maintain long-term relationships of trust with shareholders and investors. Opinions and information received through dialogues are regularly reported to the management committee, and feedback is provided internally including to management, as necessary.

We also strive to focus on actively expanding information disclosure in line with market requirements. Information is distributed in principle via the Timely Disclosure Network (TDnet) of the Tokyo Stock Exchange.

The information is also posted on the Investor Relation section of the Osaki Electric website, and includes financial information as well as IR materials and stock information.

Osaki Electric IR information: <https://www.osaki.co.jp/en/ir.html>

#### ● IR activities in fiscal 2023

	Target audience	Main respondents	Implementation
Financial results briefing	Institutional investors (in Japan and overseas) Securities analysts	Presenter: President and CEO Head of Corporate Strategy Division, Head of IR & Public Relations Department, and Head of Accounting & Finance Department were also present to answer questions	Twice a year
Individual meeting	Institutional investors (in Japan and overseas) Securities analysts	Head of IR & Public Relations Manager of IR & Public Relations	As needed
Feedback to management team	Management team	Head of IR & Public Relations	Quarterly Other times as needed

### Integrated Report

The OSAKI Group prepares and publishes an Integrated Report for the purpose of helping a wide range of stakeholders, which includes shareholders and investors, understand its future value creation efforts. In addition to management strategy, business activity report and ESG (environment, society, governance) initiatives that were published in the former Corporate Report, the Integrated Report, which has been published since 2021, includes our value creation story and sustainability basic policy.



## 11-year Financial Data (Consolidated)

	(FY) (Millions of yen)											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Year-on-year change rate (% / pts.)
<b>Financial Data</b>												
Net sales	65,663	77,366	75,596	86,159	78,780	82,089	90,069	76,255	76,184	89,253	95,147	6.6
Operating income	1,766	3,270	3,738	7,692	5,544	4,299	3,691	2,684	1,277	2,226	5,874	163.8
Ordinary income	1,905	3,584	4,003	7,426	5,634	4,293	3,544	2,888	1,189	1,885	5,488	191.2
Profit (loss) attributable to owners of parent	783	2,754	1,493	3,803	2,666	1,806	1,197	482	(658)	1,319	2,407	82.4
Profit (loss) attributable to owners of parent per share (yen)	21.96	74.30	33.46	80.65	54.63	36.95	24.47	9.84	(13.42)	27.86	51.36	84.3
Operating income ratio (%)	2.7	4.2	4.9	8.9	7.0	5.2	4.1	3.5	1.7	2.5	6.2	3.7 pts.
Ordinary income ratio (%)	2.9	4.6	5.3	8.6	7.2	5.2	3.9	3.8	1.6	2.1	5.8	3.7 pts.
Net income ratio (%)	1.2	3.6	2.0	4.4	3.4	2.2	1.3	0.6	(0.9)	1.5	2.5	1.0 pts.
Return on equity (ROE) (%)	2.6	7.8	3.9	9.2	5.8	3.8	2.5	1.0	(1.4)	2.9	5.0	2.1 pts.
Return on assets (%)	2.2	4.0	4.5	8.3	6.3	4.7	3.6	3.1	1.3	2.0	5.7	3.7 pts.
Overseas sales ratio (%)	35.3	37.6	27.1	26.6	23.9	29.7	40.6	34.9	38.2	37.9	41.5	3.6 pts.
Total assets	87,918	89,579	87,428	92,206	85,785	98,314	97,962	90,989	91,222	93,268	95,641	2.5
Net assets	42,760	50,537	51,028	55,347	57,924	58,881	58,637	58,887	57,611	58,629	62,532	6.7
Capital adequacy	31,404	38,806	38,343	44,563	46,794	47,695	46,790	46,614	45,236	45,933	49,609	8.0
Capital adequacy ratio (%)	35.7	43.3	43.9	48.3	54.5	48.5	47.8	51.2	49.6	49.2	51.9	2.6 pts.
Net assets per share (yen)	880.54	875.32	854.31	913.09	958.80	974.95	956.44	950.37	936.60	981.44	1,057.46	7.7
Cash flows from operating activities	1,052	5,289	6,373	7,369	8,110	76	(394)	10,503	4,422	260	4,187	1,504.8
Cash flows from investing activities	(2,524)	5,250	(4,332)	(4,302)	(4,305)	(2,818)	(4,120)	(1,187)	(1,219)	1,349	(2,895)	—
Cash flows from financing activities	(185)	(6,231)	(3,096)	(3,142)	(5,510)	5,739	328	(6,939)	(2,934)	(5,072)	(2,990)	—
Free cash flow	(1,472)	10,539	2,041	3,067	3,805	(2,742)	(4,514)	9,316	3,203	1,610	1,291	(19.8)
Cash and cash equivalents at end of period	11,876	17,287	15,691	15,417	13,701	16,422	12,366	14,654	15,335	12,718	10,843	(14.7)
Capital investment	2,153	3,061	3,362	5,187	2,403	1,885	2,064	1,662	2,537	1,643	1,625	(1.1)
Research and development expenses	2,480	3,464	3,422	3,317	3,398	3,059	3,242	2,900	3,043	3,233	3,529	9.2
Depreciation	2,378	2,456	2,214	2,664	2,820	2,634	2,905	2,749	2,536	2,587	2,304	(10.9)
Payout ratio (%)	54.6	20.2	35.9	24.8	36.6	54.1	81.7	203.3	—	71.8	38.9	(32.9 pts.)
Annual dividends per share (yen)	12.00	15.00	12.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	0.0
Total dividends	428	613	537	959	976	978	978	980	974	942	938	(0.4)

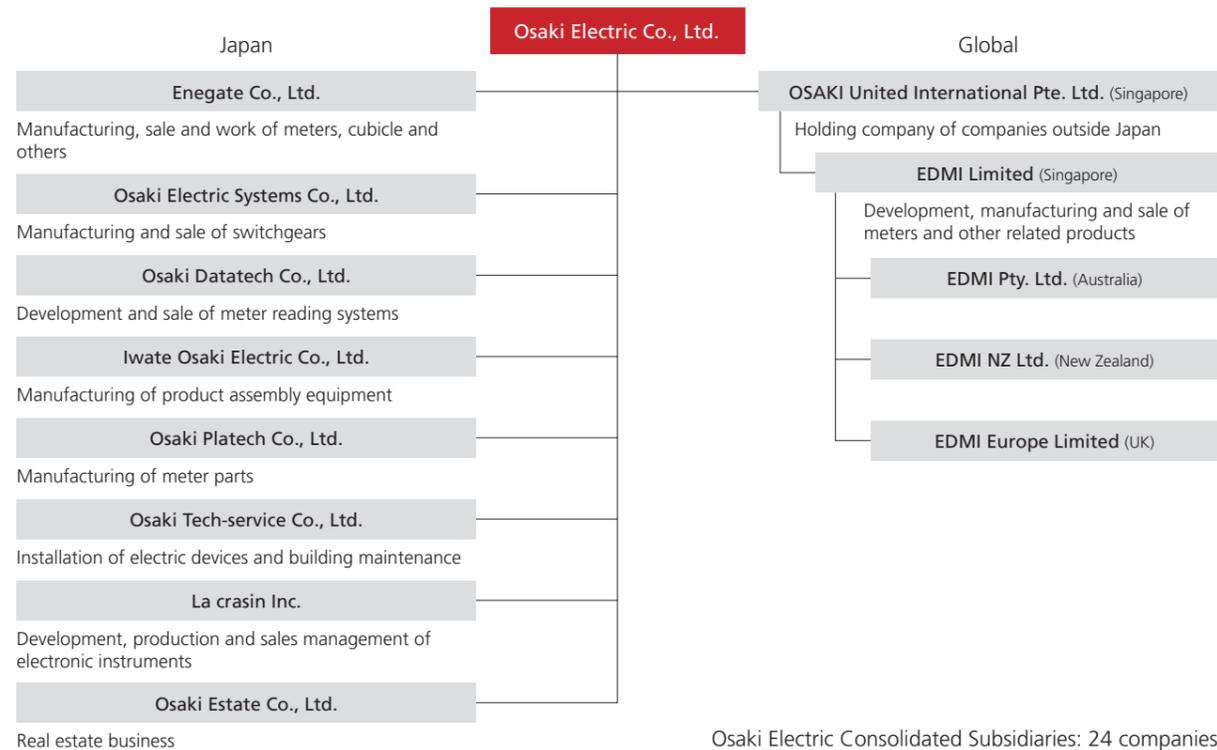
### Company Profile (As of March 31, 2024)

#### Company Profile

<b>Established:</b>	January 26, 1937
<b>Capital:</b>	¥7,965 million (US\$52,610 million)*
<b>Main Business:</b>	Manufacture and sale of electric devices and systems and general devices and systems
<b>Number of Employees:</b>	2,603 (consolidated)
<b>Offices:</b>	
Headquarters	2-10-2 Higashi-Gotanda, Shinagawa-ku, Tokyo 141-8646 Phone: +81-3-3443-7171
Headquarters Annex	The Osaki Electric-2nd Bldg., 2-1-12 Higashi-Gotanda, Shinagawa-ku, Tokyo 141-0022
Saitama Operation Center	1131 Fujikubo, Miyoshimachi, Irumagun, Saitama 354-8501
Sapporo Office	Sapporo Odorinishi 4 Bldg., 4-6-1 Odorinishi, Chuo-ku, Sapporo, Hokkaido 060-0042
Sendai Office	NL Sendai Hirose Dori Bldg., 2-5-1 Honcho, Aoba-ku, Sendai, Miyagi 980-0014
Nagoya Office	Chikusa First Bldg. Kato, 3-23-10 Aoi, Higashi-ku, Nagoya, Aichi 461-0004
Osaka Office	Sanei Bldg., 3-20-9 Toyosaki, Kita-ku, Osaka, Osaka 531-0072
Hiroshima Office	Nakamachi Mitsui Bldg., 9-12 Nakamachi, Naka-ku, Hiroshima, Hiroshima 730-0037
Okinawa Office	1-22-18 Nagata, Naha, Okinawa 902-0077

\* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥151.41=U.S.\$1, the approximate Tokyo foreign exchange market rate as of March 29, 2024.

#### OSAKI Group Companies



Osaki Electric Consolidated Subsidiaries: 24 companies

### Stock Information (As of March 31, 2024)

#### Common Stock

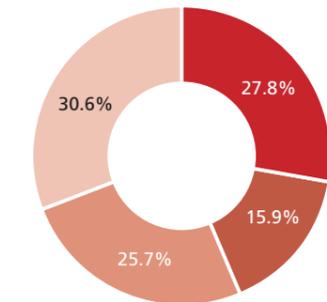
<b>Authorised:</b>	100,000,000
<b>Issued:</b>	46,913,771 (Excluding treasury stocks of 2,353,409 shares)
<b>Number of Shareholders:</b>	7,540

#### Major Shareholders

	Number of shares (Thousand shares)	(%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,964	12.7
THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD - SINGAPORE BRANCH PRIVATE BANKING DIVISION CLIENTS A/C 8221-623793	5,062	10.7
Custody Bank of Japan, Ltd. (Trust Account)	2,327	4.9
Osaki Electric cooperation company shareholding commission	1,690	3.6
MUFG Bank, Ltd.	1,552	3.3
Kyuden Technosystems Corporation	1,389	2.9
Yoshihide Watanabe	1,241	2.6
Fukoku Mutual Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	1,104	2.3
The Kansai Electric Power Company, Incorporated	1,000	2.1
Aioli Nissay Dowa Insurance Co., Ltd. (Standing proxy: The Master Trust Bank of Japan, Ltd.)	800	1.7

Note: Percentages of voting rights are calculated after deducting treasury stocks, and rounded down to 1 decimal place.

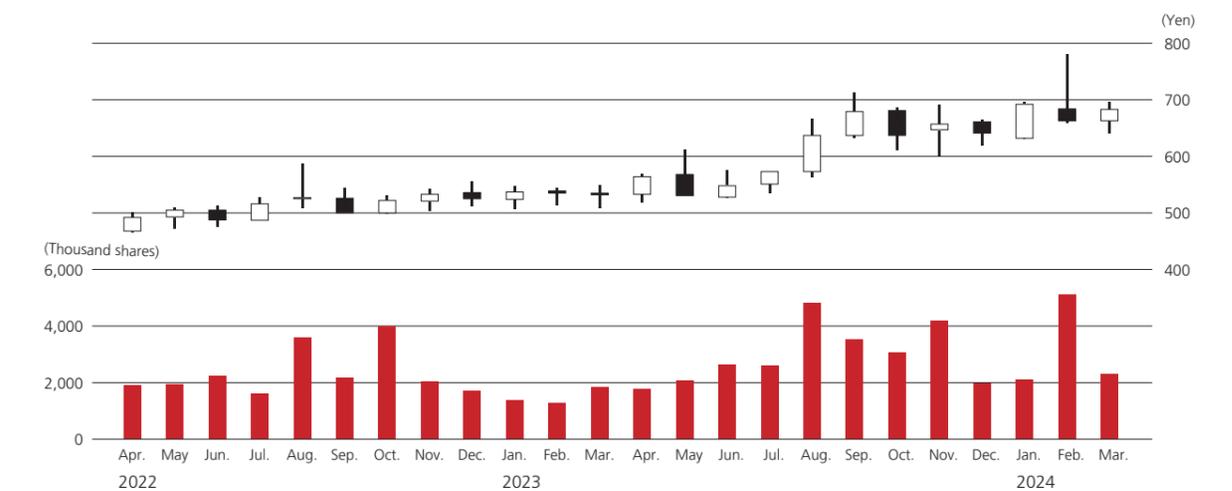
#### Breakdown of Shareholders



Financial Institutions	27.8%
Japanese Companies	15.9%
Foreign Companies and Individuals	25.7%
Individuals and Others	30.6%

Note: Treasury stocks are included in "Individuals and Others."

#### Stock Price and Trading Volume Trends





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