

COMPANY RESEARCH AND ANALYSIS REPORT

OVAL Corporation

7727

Tokyo Stock Exchange Standard Market

21-Jan.-2026

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FISCO Ltd.
<https://www.fisco.co.jp>

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Summary

In 1H FY3/26, net sales were strong, and operating profit reached a record-high level

OVAL Corporation <7727> (hereafter, also “the Company”) was established in 1949 and is a pioneer in flowmeters. The Company is the largest specialized manufacturer of fluid measurement equipment and is listed on the Standard section of the Tokyo Stock Exchange (TSE). Its sensor division provides flowmeters that boast a wide-ranging lineup, its systems division provides system packages related to fluid measurement, and its service division offers precision maintenance to meet customer needs. Composed of these three businesses, the Company consistently provides products and services optimal for the times and pursues the highest level of customer satisfaction. The Company is working to grow into being Asia’s No. 1 sensing solution company by FY3/32, and is in the midst of promoting a medium-term management plan, Imagination 2028 (FY3/26 to FY3/28).

1. Overview of 1H FY3/26 results

In the consolidated results for 1H FY3/26, sales increased 3.4% year on year (YoY) to ¥7,373mn, operating profit increased 33.3% to ¥919mn, ordinary profit increased 53.3% to ¥957mn, and profit attributable to owners of parent rose 42.2% to ¥600mn, resulting in increases in both sales and profit. Net sales increased due to receipt of a one-time payment associated with a license agreement from Austria-based Anton Paar GmbH (hereafter, Anton Paar) and price hikes on certain products. Driven by higher net sales and an improved cost ratio, operating profit significantly exceeded the prior-year period and reached a record-high level. By business segment, in the core sensor division, domestic sales in the chemical-related industry, its key customers, trended solidly. Overseas, demand from the battery-related industry, including for EVs in China, was on a recovery trend, sales to the shipbuilding-related industry were strong, and the Company also recognized receipt of a one-time contract payment from Anton Paar. As a result, sensor net sales rose 4.2%. In the systems division, while some revenue was recognized as large orders received in the previous fiscal year progressed, a recent decline in orders received led to a 5.5% decrease in systems net sales. In the service division, continued diligent, meticulous maintenance activities and stronger calibration services for other companies’ products drove a solid 6.6% increase in service net sales. The equity ratio increased to 65.9%, securing a high level of financial soundness above the average for the precision instruments industry listed on the Prime, Standard, and Growth Markets in FY3/25. The per-share interim dividend was increased by ¥3.0 to ¥10.0, and the Company also conducted a large-scale share repurchase, underscoring its proactive stance on shareholder returns.

2. FY3/26 forecasts

Regarding its consolidated full-year forecasts for FY3/26, the Company projects net sales of ¥15,500mn (up 3.0% YoY), operating profit of ¥1,450mn (up 1.9%), ordinary profit of ¥1,530mn (up 5.9%), and profit attributable to owners of parent of ¥920mn (down 10.7%). Net sales are expected to reach a record high, factoring in a lump sum payment from a licensing agreement with Anton Paar and large orders in the systems division. Despite anticipated increases in raw material costs and personnel expenses, both operating profit and ordinary profit are projected to increase. The forecast decrease in profit attributable to owners of parent reflects an expected increase in income taxes. That said, the Company tends to issue cautious and conservative forecasts at the beginning of the fiscal year. FISCO believes there is a strong possibility that full-year results will exceed the forecast. In fact, operating profit in 1H reached 63.4% of the full-year forecast. The annual dividend per share is planned to be raised to an all-time high of ¥20.0, up ¥4.0, with a payout ratio well above the industry average. In addition, the Company will also carry out share repurchases in the 2H. FISCO positively evaluates the Company’s management stance that emphasizes shareholder returns.

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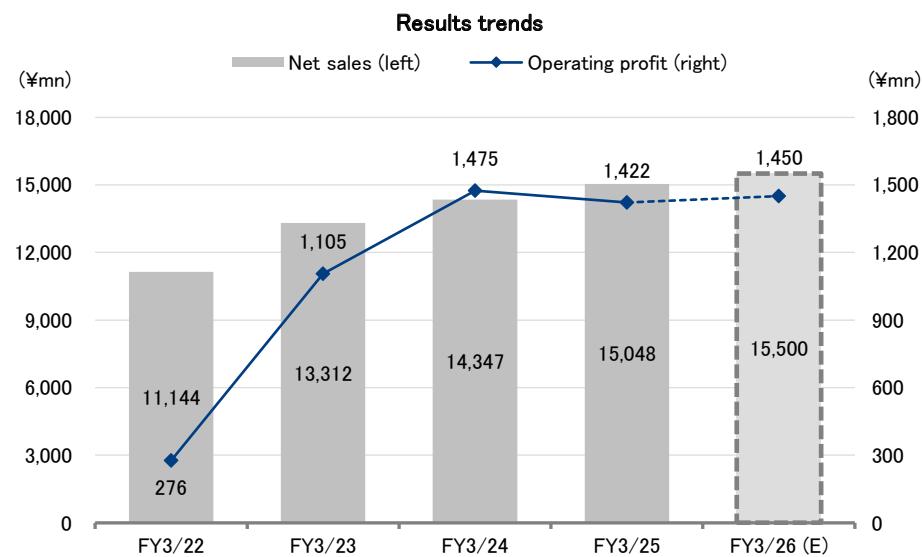
Summary

3. Medium- to long-term growth strategy

In its current medium-term management plan, Imagination 2028 (FY3/26 to FY3/28), the Company is targeting net sales of ¥17.0bn (up 13.0% from FY3/25), ordinary profit of ¥1.75bn (up 21.2%), profit attributable to owners of parent of ¥1.16bn (up 12.6%), and ROE of 7.2% (up 0.5 percentage points (pp)). To achieve these targets, the Company plans to strengthen and expand its sensor, service, and systems businesses while also creating new businesses. The plan also emphasizes management that is conscious of capital costs and share price. As part of this, the Company aims for a total payout ratio of over 70% (average over the three-year plan period) and a DOE of at least 2.7%, ensuring stable dividend payments regardless of profit fluctuations. It also intends to implement flexible share buybacks. The medium-term management plan is an ambitious, wide-ranging plan. It has only just begun, but steady progress is being made, and we look forward to developments ahead.

Key Points

- A major dedicated manufacturer of fluid measurement equipment; carries out three businesses, the sensor division, systems division, and service division
- 1H FY3/26 resulted in higher sales and profit. Sales increased due to receipt of a one-time payment from the license agreement and price hikes on certain products, and operating profit reached a record-high level. Implemented dividend increase and large-scale share repurchase
- For FY3/26 full year, the initial forecasts are maintained, with modest net sales growth and higher operating profit expected; however, 1H operating profit exceeded 60% of the full-year forecast. Plans for additional dividend increases and share repurchases in 2H, with a focus on shareholder returns
- The medium-term management plan targets higher sales and profit and improved ROE. The Company will work to strengthen and expand the three business divisions and create new businesses. The Company also plans aggressive shareholder returns, including a total payout ratio of at least 70% (three-year average), a DOE of at least 2.7%, and flexible share buybacks



Source: Prepared by FISCO from the Company's financial results

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Company profile and business overview

Develops integrated business as a dedicated manufacturer of fluid measurement equipment

1. Company profile

The Company was founded in May 1949 as a pioneer in flowmeters and is now a major dedicated manufacturer of fluid measurement equipment. The name OVAL refers to an oblong egg shape. By rotating an elliptical shaped cog with the flow, the flow volume can be measured. Flowmeters are the Company's roots and its showpiece product. It mainly conducts a B2B business targeting factories and plants, and flowmeters that measure fluids such as oil (kerosene, gasoline, heavy oil), water, vapor, and other liquids in production processes are the Company's mainstay product. It has continued business related to fluids, including system solutions, for over 70 years since its founding. In the future as well, sensors, such as flowmeters, will be indispensable to the automation of manufacturing, and the Company plans to provide this mother tool supporting manufacturing along with technologies cultivated over many years.

The Company has its head office in Shinjuku, Tokyo and has 11 consolidated subsidiaries under it (4 in Japan, and 7 overseas). It operates globally, primarily in Asia in countries such as China, Korea, and Taiwan, and in Southeast Asia. As of September 30, 2025, it has 685 consolidated employees and is currently listed on the TSE Standard Market. Jun Tanimoto has served as the Company's president and CEO since June 2011, and based on its medium- to long-term vision and medium-term management plan, it seeks to be the No. 1 sensing solutions company in Asia. In addition, as a part of its strategy to increase its name recognition, it utilizes mascot characters O-chan and VAL-chan on its website and results briefing materials, and has an affiliation agreement with cross-country skier Hikari Miyazaki.

2. History

OVAL ENGINEERING CO., LTD., the Company's forerunner, was established in May 1949, and in December 1992, it changed its name to OVAL Corporation. Since its founding it has increased its consolidated subsidiaries to the current 11 and expanded its business domain. Currently, it primarily manufactures and sells various flowmeters, metrological and energy control equipment and related systems, fluid control devices, and other fluid measurement equipment for factories. It also carries out service division business, including related maintenance and flowmeter inspection services. In September 2006, it acquired registration based on the Japan Calibration Service System (JCSS), a registration system for calibration service providers under the Measurement Act. Solving customer issues with the added value of calibration quality is a strength of the Company. The Company listed on the TSE Second Section in July 1961, and changed its designation to the TSE First Section in May 2014. In April 2022, it transferred to the TSE Prime Market, but changed to the TSE Standard Market in October 2023. This is due to management deciding that a sound, grounded approach to management is the optimal and most timely choice rather than putting too much emphasis on achieving the listing requirements of the Prime Market.

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Company profile and business overview

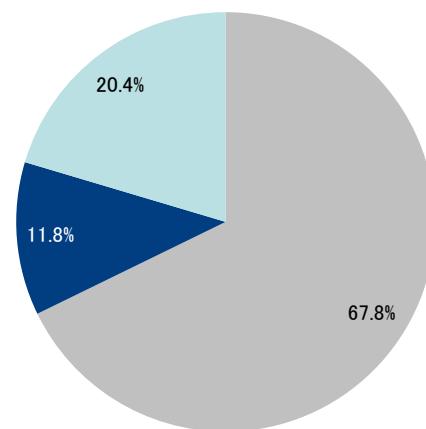
3. Business description

The Company Group is a single segment consisting of the manufacture and sale of measuring equipment, thus segment information is omitted, but information is disclosed by business division. The sensor division manufactures and sells flowmeters and other measuring devices along with related equipment. The systems division designs, develops, sells, and installs system equipment related to the manufacture, shipping, testing, and analysis of fluid measuring control. The service division handles products in the field, repair, maintenance, and calibration (including JCSS). The Company primarily handles industrial measuring equipment and does not handle meters for general residential waterworks and gas.

The respective shares of net sales of each business division in 1H FY3/26 were 67.8% for the sensor division, 11.8% for the systems division, and 20.4% for the service division. Profitability is highest with the sensor division, then the service division and systems division. Based on sales and profit, the sensor division is the core business of the Company. The systems division is a field with intense international competition, but the Company sees it as a promising field long-term with great growth potential. In terms of net sales by region, the majority is domestic sales, but overseas sales, mostly in Asia, account for 20–30%. In the medium-term management plan, the Company aims for further growth. The sensor division and systems division are developed overseas, but the service division is primarily domestic.

Net sales composition by business division
(1H FY3/26 net sales: ¥7,373mn)

■ Sensor division ■ Systems division ■ Service division



Source: Prepared by FISCO from the Company's financial results

4. Company strengths

The Company's three main strengths are a wide-ranging product lineup, systems and service centered on flowmeters, and Japan Calibration Service System (JCSS) that is responsible for providing measurement standards.

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Company profile and business overview

For the first wide-ranging product lineup, in the field of industrial meters, the Company offers flowmeters—positive displacement flowmeters, Coriolis flowmeters, vortex flowmeters, ultrasonic flowmeters, thermal mass flowmeters, and turbine flowmeters—and auxiliary electronic instruments, including electronic instruments and other peripheral equipment. Only the Company provides products that measure a wide range of liquids, gases, and steam from low to high temperatures. Of these, its mainstay products are positive displacement flowmeters, Coriolis flowmeters, and vortex flowmeters. They account for 90% of the sensor division's sales. Its positive displacement flowmeters have approximately 50% share of the domestic market. Compared to the Company's broad-ranging product lineup, industry majors Yokogawa Electric Corporation <6841> only has a portion of this lineup of flowmeters.

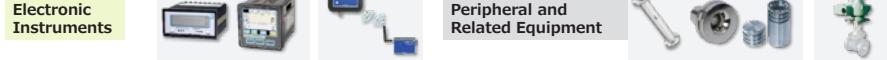
Wide-ranging lineup of flowmeters

FLOWMETERS



ELECTRONIC INSTRUMENTS

PERIPHERAL



Source: The Company's results briefing materials

For the second strength, systems and service centered on flowmeters, the Company provides receiving and inspection systems with its fluid measuring control system, conducts onsite repair and maintenance such as service and calibration (correction by comparing a meter's deviation and precision to a standard), and possesses mobile inspection vehicles. In this way, the Company covers not only the manufacture and sale of measuring equipment but, with a broad network, also offers systems and service.

Regarding the third strength, JCSS that is responsible for providing measurement standards, the Company is the only JCSS registered business with JCSS registration for flow measurement method for three types of fluids, oils (kerosene, gasoline, heavy oil), water, and vapor. In particular, the flow rate that can be calibrated for petroleum is the largest among domestic calibration companies. In addition, the flow rate range is the widest among domestic calibration companies. With regard to the range of flow volumes as well, it offers the largest range as a calibration provider. With respect to the various types of flowmeters, the Company draws on the fact that it can provide JCSS calibration for differing fluids and wide flow volume ranges to solve customer issues by providing the added value of calibration quality to its flowmeters. The Company provides calibration services (flowmeter testing) not only for its own products but for the products of other companies as well, and going forward it plans to expand this service to flowmeters used at automakers and pharmaceutical companies.

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Result trends

In 1H FY3/26, results were strong with higher sales and profit. Operating profit at a record-high level

1. Overview of 1H FY3/26 results

In 2Q FY3/26 (1H), the global economy remained uncertain due to tensions in US-China relations, the Trump administration's tariff policies, and concerns over a slowdown in China's economy. In Japan, while the recovery trend was maintained by wage increases and inbound demand, uncertainty remained over sustained improvement due to the impacts of yen depreciation and higher prices on consumer spending, and concerns that tariff issues could weigh on corporate earnings.

Against this backdrop, the Company Group launched the new medium-term management plan "Imagination 2028" this fiscal year and, leveraging the foundation built to date, strove toward further growth. As a result, in the Company's consolidated results for 1H FY3/26, orders received declined 10.4% YoY to ¥7,117mn, net sales increased 3.4% to ¥7,373mn, operating profit decreased 33.3% to ¥919mn, ordinary profit rose 53.3% to ¥957mn, and profit attributable to owners of parent was up 42.2% to ¥600mn, resulting in increases in both sales and profit. The decline in orders received reflected a reactionary drop in the systems division after multiple large projects were concentrated in the prior-year period. Meanwhile, net sales increased as the sensor division and service division trended solidly, augmented by receipt of a one-time payment under the license agreement with Austria-based Anton Paar and price hikes on certain products. Profits at each level posted substantial increases, driven by higher net sales and an improved cost ratio. In particular, operating profit greatly surpassed the prior-year period and reached a record-high level. The one-time payment from Anton Paar is consideration for an intellectual property license and involves no material costs, which reduced the cost of sales ratio and contributed to higher sales and profit. In addition, the price increases indicate both the competitiveness of the Company's products and a broader shift toward passing higher material costs through to prices. Based on the above, progress rates for profits at each level exceeded 60% of the FY3/26 forecasts, and FISCO judges the results to be solid.

Consolidated results for 1H FY3/26

	1H FY3/25		1H FY3/26		YoY	
	Result	vs. net sales	Result	vs. net sales	Change amount	% change
Net sales	7,128	100.0%	7,373	100.0%	245	3.4%
Cost of sales	4,168	58.5%	4,098	55.6%	-69	-1.7%
Gross profit	2,959	41.5%	3,274	44.4%	315	10.7%
SG&A expenses	2,269	31.8%	2,355	31.9%	85	3.8%
Operating profit	689	9.7%	919	12.5%	229	33.3%
Ordinary profit	624	8.8%	957	13.0%	332	53.3%
Profit attributable to owners of parent	422	5.9%	600	8.1%	178	42.2%

Source: Prepared by FISCO from the Company's financial results

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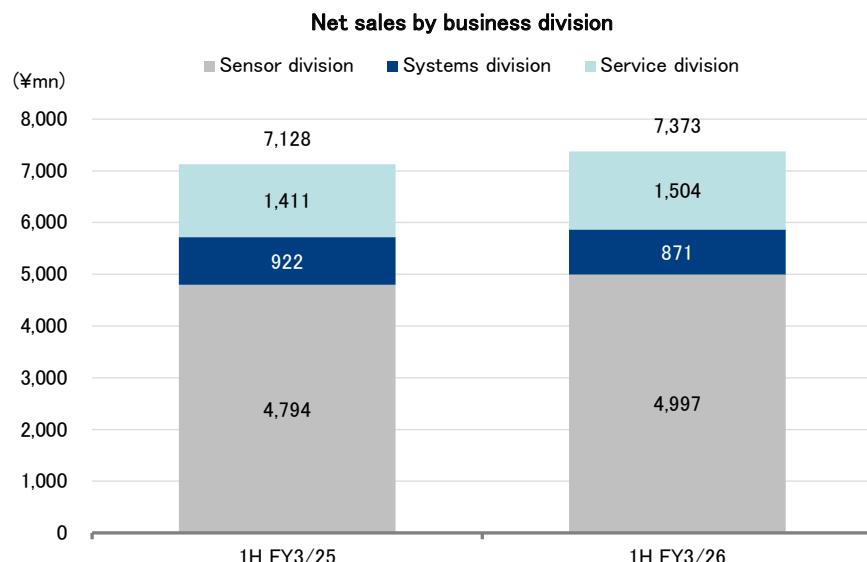
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Result trends

Looking at results by business division, orders received increased 7.3% YoY to ¥4,914mn in the core sensor division. Domestically, sales to chemical-related industry and the petroleum-related industry, its key customers, trended favorably, while overseas, demand in the battery-related industry for EVs is sluggish in South Korea but on a recovery trend in China. In China, sales to the shipbuilding-related industry also trended strongly. Net sales also increased 4.2% to ¥4,997mn. This mirrored orders with solid sales to the chemical-related industry domestically, recovery trend of sales to the battery-related industry in China, and strong trend in the shipbuilding-related industry. In addition, sales were recorded for a one-time payment under the license agreement with Anton Paar. In recent years, the presence or absence of one-time payments from Anton Paar has had a significant impact on fluctuations in net sales.

In the systems division, orders received decreased sharply to ¥626mn (down 66.3% YoY). This reflects a reaction to the concentration of large-scale projects in the domestic market in the previous fiscal year. Net sales were also down 5.5% to ¥871mn. In Japan, although some net sales were recognized due to progress on large orders received in the previous fiscal year, results were affected by the recent decline in orders received. Overseas, the Southeast Asia region is on a recovery trend, and in the current fiscal year, net sales were recognized in line with the progress of large projects. Note that, because projects in this business span long periods, net sales are recognized based on the percentage-of-completion method, but the presence of large projects causes significant fluctuations from fiscal year to fiscal year.

In the service division, orders received were ¥1,576mn (up 4.9% YoY), and net sales were ¥1,504mn (up 6.6%). For its main customer base, the petroleum-related industry, the market environment has remained tough amid industry restructuring and shifts toward a decarbonized society. Aiming for proactive services, the Company strengthened maintenance support services and calibration services for other companies' products, resulting in steady orders and sales for both the chemical-related industry and the petroleum-related industry. Net sales in the service division have continued on an upward trend and are less susceptible to economic fluctuations than the other divisions.



Source: Prepared by FISCO from the Company's financial results

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Result trends

Maintaining a high level of safety

2. Financial position and management indicators

Total assets at the end of 1H FY3/26 were ¥24,493mn, up ¥1,042mn YoY. Of these, current assets were ¥12,612mn, up ¥839mn. This was mainly due to increases of ¥118mn in electronically recorded monetary claims, ¥149mn in inventories (total of merchandise and finished goods, work in process, raw materials, and supplies), ¥342mn in contract assets, and ¥169mn in advances paid, offset by decreases of ¥507mn in cash and deposits and ¥1,142mn in notes and accounts receivable. In addition, non-current assets were ¥11,041mn, up ¥225mn. This was mainly due to decreases of ¥49mn in intangible assets and ¥50mn in deferred tax assets, and increases of ¥146mn in property, plant and equipment, and ¥158mn in investment securities.

At the same time, total liabilities were ¥7,704mn, down ¥468mn from the end of the previous fiscal year. Of these, current liabilities were ¥3,872mn, down ¥682mn. This was mainly due to decreases of ¥97mn in notes and accounts payable, ¥153mn in short-term borrowings, ¥140mn in contract liabilities, and ¥170mn in accounts payable. Non-current liabilities were ¥3,831mn, up ¥213mn. This was mainly attributable to long-term borrowings decreasing ¥237mn. The total of both long-term and short-term borrowing was ¥1,703mn, up ¥84mn. Total net assets were ¥16,116mn, down ¥204mn. This was mainly due to a ¥398mn increase in retained earnings, offset by a ¥452mn increase in treasury stock and a ¥162mn decrease in foreign currency conversion adjustment.

As a result of the above, the equity ratio increased to a highly commendable 65.9%, a high level of safety above the average of 59.5% for the precision instruments industry listed on the Prime, Standard, and Growth Markets in FY3/25, the most recent year for which data is available. At the same time, with ROA at 6.0% and ROE at 6.7% in FY3/25, indicators of profitability were below the industry average, so strengthening profitability is an issue going forward.

Consolidated balance sheets and management indicators

	End of FY3/25	End of 1H FY3/26	Change
Current assets	13,452	12,612	-839
Cash and deposits	4,172	3,665	-507
Notes and accounts receivable - trade, and contract assets, electronically recorded monetary claims - operating	5,342	4,661	-681
Inventories	3,573	3,723	149
Non-current assets	11,041	11,208	166
Property, plant and equipment	8,974	9,120	146
Intangible assets	383	333	-49
Investments and other assets	1,683	1,754	70
Total assets	24,493	23,820	-672
Current liabilities	4,554	3,872	-682
Short-term borrowings	1,257	1,104	-153
Non-current liabilities	3,618	3,831	213
Long-term borrowings	361	599	237
Total liabilities	8,172	7,704	-468
Total borrowings	1,618	1,703	84
Total net assets	16,320	16,116	-204
[Safety]			
Equity ratio	64.8%	65.9%	1.1pp
[Profitability]			
ROA (return on assets)	6.0%	-	
ROE (return on equity)	6.7%	-	

Source: Prepared by FISCO from the Company's financial results

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Outlook

Expects record-high net sales and higher operating profit in FY3/26

● FY3/26 forecasts

Looking ahead, the global outlook remains uncertain due to persistent global inflation, changes in monetary policy, and uncertainty surrounding US policy developments. In addition, capital investment by customer companies, which has a major impact on the Company Group's earnings, may be delayed amid this uncertainty in the trade environment, and the Company expects the challenging business climate to continue.

Amid these conditions, under the new medium-term management plan Imagination 2028, the Company Group will shift to the growth phase (Phase 2) beginning in FY3/26. It will focus on developing new markets and products, aiming for further growth across the entire corporate group. Regarding its consolidated full-year forecasts for FY3/26, the Company projects net sales of ¥15,500mn (up 3.0% YoY), operating profit of ¥1,450mn (up 1.9%), ordinary profit of ¥1,530mn (up 5.9%), and profit attributable to owners of parent of ¥920mn (down 10.7%). Net sales are expected to reach a record high, factoring in a lump sum payment from a licensing agreement with Anton Paar and large orders in the systems division. Despite anticipated increases in raw material costs and personnel expenses, both operating profit and ordinary profit are projected to increase. The forecast decline in profit attributable to owners of parent reflects an expected increase in income taxes. However, it should be noted that the Company's forecasts announced at the beginning of the fiscal year tend to be cautious and conservative. Although some areas are difficult to forecast, such as the performance of overseas subsidiaries, the progress rates of 1H results against the full-year forecasts have reached 63.4% for operating profit, 62.6% for ordinary profit, and 65.3% for net income, and FISCO sees a strong possibility of finishing above the forecast.

FY3/26 consolidated result forecasts

	FY3/25		FY3/26		YoY	
	Result	vs. net sales	Forecast	vs. net sales	Change amount	% change
Net sales	15,048	100.0%	15,500	100.0%	451	3.0%
Operating profit	1,422	9.5%	1,450	9.4%	27	1.9%
Ordinary profit	1,444	9.6%	1,530	9.9%	85	5.9%
Profit attributable to owners of parent	1,029	6.8%	920	5.9%	-109	-10.7%

Source: Prepared by FISCO from the Company's financial results

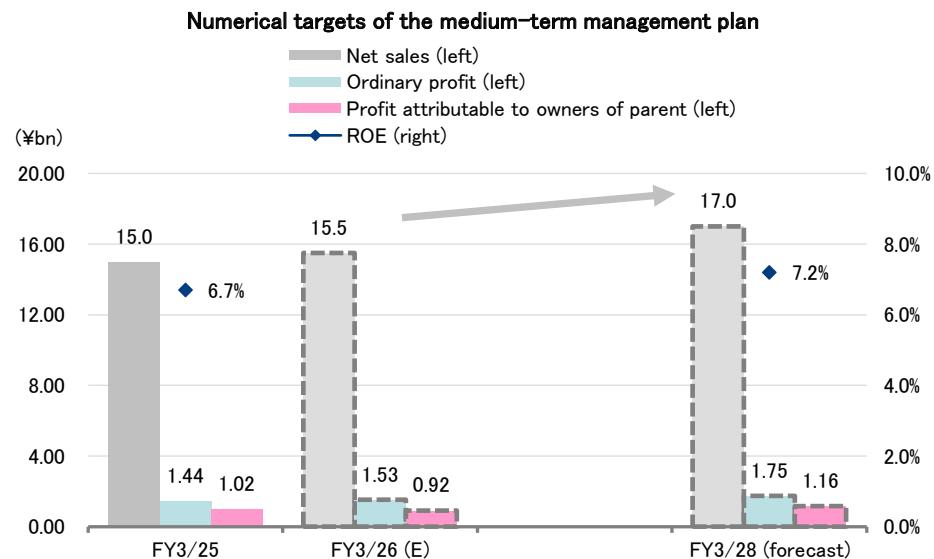
Medium- to long-term growth strategy

Aiming to be Asia's No. 1 sensing solutions company

1. Overview of the medium-term management plan

As its medium- to long-term management vision—the foundation of its medium-term management plan—the Company is aiming to become Asia's No. 1 sensing solutions company by FY3/32, with targets of ¥20.0bn in net sales, an ordinary profit margin of at least 14.0%, and ROE of at least 10.0%. Notably, the target ordinary profit margin has been revised upward from the original 10.0%. The previous medium-term management plan, Imagination 2025, which positioned structural reform as Phase 1, the first step toward achieving the long-term vision. As the Company achieved all of its upwardly revised targets announced in August 2023—net sales of ¥14.0bn, ordinary profit of ¥1.40bn, profit attributable to owners of parent of ¥0.88bn, and ROE of 5.7%—it further revised its long-term targets. The Company also successfully executed its growth strategy and initiatives to strengthen the management foundation as planned.

The succeeding medium-term management plan, Imagination 2028 (FY3/26 to FY3/28), is positioned as Phase 2, the growth phase, the second step toward achieving the long-term vision. The Company is targeting net sales of ¥17.0bn (up 13.0% from FY3/25), ordinary profit of ¥1.75bn (up 21.2%), profit attributable to owners of parent of ¥1.16bn (up 12.6%), and ROE of 7.2% (up 0.5pp). Against 1H forecast for FY3/26, 1H is off to a solid start.



Source: Prepared by FISCO from the Company's financial results and results briefing materials

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Medium- to long-term growth strategy

To achieve its performance targets, the Company has established basic strategies: a growth strategy and an approach for strengthening the management foundation. For its growth strategy, the Company will closely follow changes in the business environment to reform existing businesses and conduct innovation to solve social issues. This strategy has been defined as one for raising corporate value. It is composed of (1) growth strategy for the sensor business, (2) growth strategy for the service business, (3) growth strategy for the systems business, and (4) strategy for creating new business. Further, as for the strategy to strengthen the management foundation, the Company will revise and improve the current management foundation and define a strategy for building a management foundation that is resilient and can be trusted by society by the deployment of new organizations to meet the changing times. Specifically, the strategy will be composed of (1) productivity improvement strategy, (2) human resource strengthening strategy, (3) DX (Digital Transformation) promotion strategy, and (4) sustainability promotion strategy.

In addition, as company-wide basic policies, the plan outlines the following targets: (1) Under the growth strategy, as part of enhancing existing businesses, the Company aims to increase sales of new and renewed products by 30% and sales in the Asian market by 15%, both compared to FY3/25. As part of the exploration of new businesses, it targets ¥1.7bn in net sales from new business. (2) Under the strategy to strengthen the management foundation, as part of enhancing the foundation, the Company aims to increase operating profit per employee by 10%. As part of growing carbon-neutral products, it plans to increase sales of hydrogen- and ammonia-related products by 50%. As part of creating a supportive workplace, it is targeting a 5% increase in employee engagement survey satisfaction, maintaining the current employee turnover rate, and a 20% increase in the number of female managers. (3) In terms of capital policy, as part of enhancing shareholder returns, the Company is targeting ROE of 7.2% in FY3/28, a total payout ratio of over 70% (three-year average for the plan period), and a DOE of at least 2.7%. As such, the medium-term management plan is an ambitious plan covering a wide range of initiatives. FISCO intends to closely monitor progress going forward.

2. Growth strategies for achieving the medium-term management plan

The specific action plan and results of the growth strategy are as follows.

(1) Sensor business growth strategy

In the sensor business, the Company aims to expand sales of new and renewed products by launching updated versions of its core products adapted to current market needs and introducing new products in new markets. Its current core products are Coriolis flowmeters, positive displacement flowmeters, and vortex flowmeters. A recent example is the release of the UC-1 ultrasonic flowmeter in FY3/25. The UC-1 is a clamp-on ultrasonic flowmeter for liquids developed under the concept of being completely construction-free. It allows for simple and easy flow measurement, making it ideal for measuring utility fluids (such as water and hot water essential to facility operations) in factories and commercial facilities. In the past, installation in branch pipes was difficult due to cost and construction time, but with the UC-1, flow can be visualized throughout the entire system, allowing users to monitor water usage, reduce waste, and contribute to energy conservation and decarbonization. The Company plans to continue releasing new products and updated models and aims to increase sales of new and renewed products by 30% compared to FY3/25 by FY3/28.

In addition, the Company is actively investing in and promoting the development and provision of products and services related to building a decarbonized society and alternative energy supply chains, with the aim of expanding its hydrogen- and ammonia-related business within the sensor division. For FY3/28, it plans to increase sales of products for hydrogen and ammonia measurement by 50% compared to FY3/25.

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Medium- to long-term growth strategy

As a recent initiative in the sensor business, the Company has begun offering a high-function model of its positive displacement flowmeters, equipped with an automatic temperature compensation function and HART communication function. Thanks to the automatic temperature compensation function, the device continuously and automatically converts measurements to volumetric flow at a reference temperature based on the fluid temperature measured by an externally connected temperature sensor. It automatically corrects measurement errors caused by temperature changes and supports applications where temperature control is important, such as petroleum. The HART Communication function also enables various monitoring and parameter settings. Remote monitoring and configuration are possible, and transmission of self-diagnostic information enables early detection of signs of abnormalities. These functions allow more accurate flow measurement and enable remote monitoring to prevent problems before they occur.

**Added automatic temperature compensation and
 HART communication functions to positive displacement flowmeters**



Note: HART Communication is a communication method that superimposes digital information on the 4-20mA signals used in the field, enabling analog and digital to be handled simultaneously.

Source: The Company's results briefing materials

As an initiative spanning both the sensor and service businesses, the Company is leveraging QR codes. By affixing QR codes to shipped products, customers can view product information and manuals from a smartphone, and, through DX promotion, the Company aims to shorten inquiry response times and improve the efficiency of maintenance and upgrade proposals. As a result, this improves customer satisfaction, promotes repeat sales, and enhances the efficiency of after-sales service.

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Medium- to long-term growth strategy

Improving access to product information (use of QR codes)



Note: QR Code is a registered trademark of DENSO WAVE INCORPORATED.

Source: The Company's results briefing materials

(2) Service business growth strategy

In the service business, the Company is aiming to expand its hydrogen- and ammonia-related business by constructing a hydrogen gas calibration facility—one of the few of its kind in Japan—in order to supply highly accurate and reliable hydrogen flowmeters.

The Company has been working on plans to construct OVAL H₂ Lab, a hydrogen gas calibration facility for large volume flowmeters used in hydrogen gas measurement, which is now scheduled to begin operation within FY3/26. The precision of flowmeters depends on a process called calibration whereby the fluid (gas or liquid) to be measured is run through the flowmeter to check for differences between measured values of the device under test and standard, and any measurement inconsistencies. Measurements could be inaccurate unless calibration is performed correctly. The Company is concentrating its resources on the next-generation energy market. It is focused on improving the quality of flowmeters for hydrogen gas measurement to play a role in the supply chain to create a new business opportunity as well as contribute toward a sustainable society through decarbonization and carbon neutrality. After completion, the calibration facility is expected to begin contributing to earnings in FY3/27 onward by performing calibration of the Company's own and other manufacturers' products. The Company intends to promote decarbonization initiatives through the operation of OVAL H₂ Lab.

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Medium- to long-term growth strategy

Hydrogen gas calibration facility nearing completion



Source: The Company's results briefing materials

(3) Systems business growth strategy

In the systems business, the Company is contributing to energy security by providing petroleum trading systems that help ensure a stable energy supply during the transition to a decarbonized society. These efforts to support energy security are also positioned as contributions to society. The Company is also aiming to increase total sales in the Asian market (including divisions outside the systems business) by 15% compared to FY3/25. To achieve this, it plans to expand sales channels by strengthening collaboration among its Group companies in Southeast Asia—centered on Singapore—as well as in China, South Korea, and Taiwan.

In the systems business, OVAL ASIA PACIFIC PTE. LTD.—a consolidated subsidiary based in Singapore that oversees the Company's operations in Asia—specializes in supplying flow measurement and calibration systems used for petroleum trading on floating production, storage, and offloading systems (FPSOs) and floating storage and offloading systems (FSOs), which are floating facilities for the offshore production, storage, and offloading of crude oil and natural gas. The Company plans to leverage its extensive experience and proven track record in delivering these systems.

A recent achievement by OVAL ASIA PACIFIC was the announcement in April 2025 that it had received a large-scale systems order from PTSC Asia Pacific in Vietnam. This order is believed to reflect recognition of the Company's accumulated experience and proven track record. In this way, the Company Group is not only working toward its goal of becoming Asia's No. 1 sensing solutions company, but is also contributing to stable energy supply and energy security.

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Medium- to long-term growth strategy

(4) New business creation strategy

In new business creation, the Company is pursuing new initiatives that leverage its proprietary technologies. Specifically, it aims to develop new markets by launching new businesses through its internal venture program and developing products outside the field of flow measurement. The Company is targeting a net increase of ¥1.7bn in sales from new businesses by FY3/28.

A recent example is the Company's support service for ChemSHERPA (a scheme for investigating chemical substances contained in products). Acting as an intermediary between the customer and its suppliers, the Company provides a service that manages the exchange and administration of ChemSHERPA data. This enables customers to obtain the required response documents while being freed from tasks such as requesting information from suppliers, checking and compiling data, and preparing the response forms. This service originated from the Company's internal venture program and is now being applied as a consulting business.

Another example is the Lock'n Lorry® smart sealing system, which the Company began selling in June 2025. This product was developed in response to a proposal from one of its customers and is a derivative solution that utilizes the Company's wireless technology. It allows users to monitor the locking status of tanker trucks used for transporting food and beverages via smartphone. The system eliminates the need for plastic cable ties, reduces the need for work at height on top of tanks—enhancing safety—and improves operational efficiency and reliability through automatic logging and paperless processes. In this way, the product contributes to solving societal issues.

These growth strategies are key drivers for achieving the management targets set forth in the medium-term management plan. FISCO will continue to closely monitor the Company's progress.

■ Shareholder return policy

From FY3/26, the Company will implement stable dividend increases regardless of profit fluctuations

The Company pays out a dividend as its policy on shareholder returns. Its basic policy on dividends is to recognize that returning profits to shareholders is a very important priority and to make decisions upon comprehensively considering securing its management foundation and enhancing its financial condition for future business development. Under the medium-term management plan, the Company has introduced dividend on equity ratio (DOE) as a shareholder return indicator to ensure stable dividend payments regardless of profit fluctuations. DOE refers to the ratio of dividends paid to shareholders' equity and indicates how much of its capital a company returns to shareholders as dividends. During the plan period, the Company is targeting a total payout ratio of at least 70% (three-year average) and a DOE of at least 2.7%. In addition to dividends, it also plans to implement flexible share buybacks.

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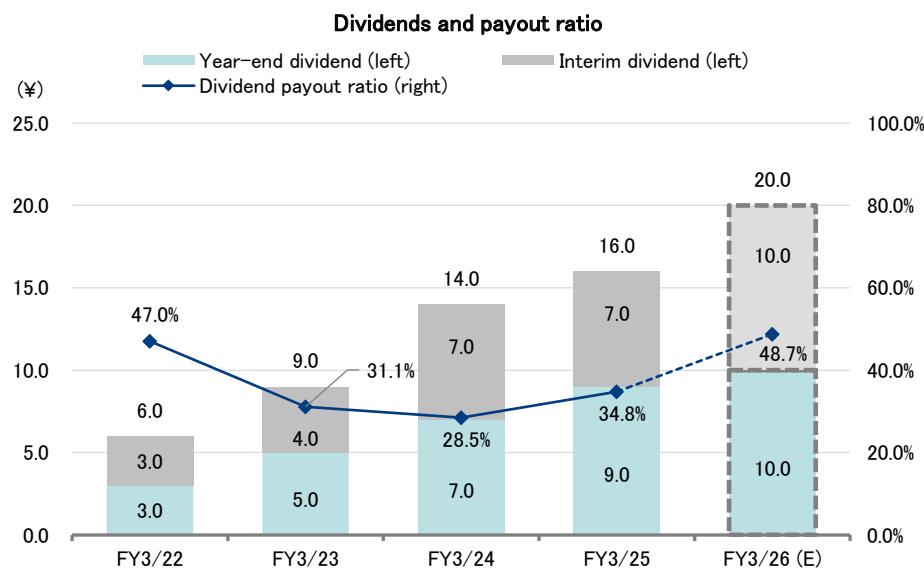
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Shareholder return policy

The Company planned to pay record-high dividends in FY3/25 totaling ¥15.0 per share (up ¥1.0 YoY), breaking down into a ¥7.0 interim dividend and ¥8.0 year-end dividend. It announced with 1H results that it planned a year-end dividend of ¥9.0 per share, increasing the annual dividend to ¥16.0 per share. As a result, the dividend payout ratio is forecast to increase from 28.5% to 34.8%, exceeding the 32.5% average for precision instruments industry companies listed on the Prime, Standard, and Growth Markets, according to the latest data for FY3/25. For FY3/26, although the Company is forecasting a decline in profit attributable to owners of parent, it plans to raise the annual dividend to a record-high ¥20.0 per share (up ¥4.0), with an interim dividend of ¥10.0 and a year-end dividend of ¥10.0, based on its DOE target. Additionally, aiming to achieve ROE of 7% under the medium-term management plan, the Company acquired approximately 1.29 million shares of treasury stock from August 2025 onward. Furthermore, it plans to acquire treasury stock between November 28, 2025 and May 27, 2026, up to a maximum of 1 million shares and ¥500mn. FISCO views this as a reflection of the Company's strong commitment to shareholder returns.

In August 2024, the Company announced its plans for implementing management with awareness of cost of capital and share price. This is in response to the TSE communication in March 2023 requesting that all listed companies on the Prime and Standard Markets take action to implement management that is conscious of cost of capital and stock price. The Company's announcement calls for targeting ROE of over 10% and improving PBR to over 1.0 times in the early stages, as ROE has been improving while PBR remains below 1.0. Although many companies have not submitted their plans, the Company has announced measures to improve profit margins, increase total asset turnover, strengthen financial management, and foster growth expectations in its medium-term management plan.

While steadily advancing the medium-term management plan, the Company also intends to promote initiatives to enhance corporate value in order to further improve its reputation among investors and business partners. To this end, it is also focusing on its IR strategy to facilitate greater dialogue with shareholders and investors. FISCO has high expectations for the Company's future results.



Source: Prepared by FISCO from the Company's financial results and results briefing materials

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