



OSAKI Group Corporate Report

2020

 OSAKI

Global Energy

Providing tomorrow's energy

Solution Leader

solution for a better society

The OSAKI Group

- 4 Message from the Chairman
- 5 History
- 7 Financial and Non-financial Highlights

Our Growth Strategy

- 10 Top Message
- 14 Analysis of Financial Results, Shareholder Return Policy, and Management Indicators

Business Environment and Strategies

- 16 Global Business Strategies
- 21 Japan Business Strategies
- 25 New Business Strategies

ESG Section

- 30 ESG Section
- 31 Board of Directors, Statutory Auditors & Executive Officers
- 33 Messages from Independent Directors & Auditors
- 35 Corporate Governance
- 37 Compliance
- 38 Risk Management
- 39 Together with Employees
- 41 Together with Shareholders and Investors
- 42 Together with Society
- 43 Together with Customers and Business Partners
- 44 Environmental Initiatives

Data Section

- 45 Consolidated Balance Sheets
- 47 Consolidated Statements of Income
- 48 Consolidated Statements of Comprehensive Income
- 49 Consolidated Statements of Changes in Equity
- 51 Consolidated Statements of Cash Flows
- 53 Company Profile
- 54 Stock Information
Trend of Business Results

●Reporting Period
April 1 2019 to March 31, 2020
* It also contains some latest initiatives and policies to provide updated information.

●Editing Policy
OSAKI Group Corporate Report 2020 serves to provide our shareholders, investors and other stakeholders with a clear overview of our Group's initiatives for sustainable growth. The Corporate 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).

●Notice on forward-looking statements:
This Corporate Report 2020 contains forward-looking statements such as the future business performance of 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.

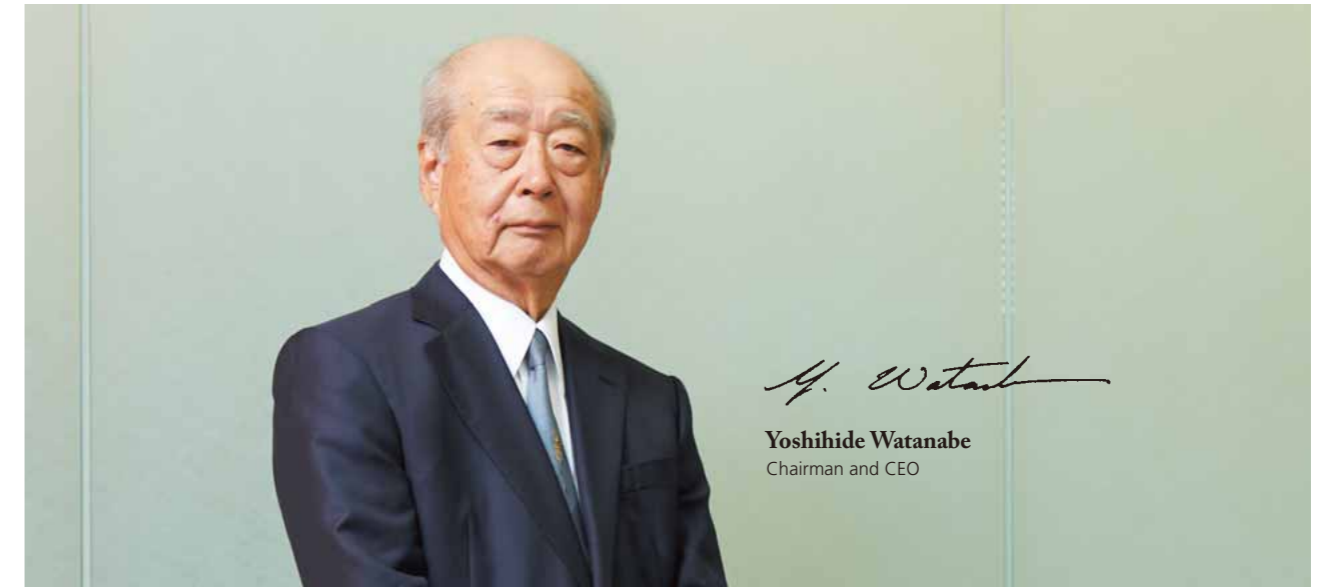
In this Corporate Report, OSAKI ELECTRIC Co., Ltd. is written as OSAKI ELECTRIC or the Company, and OSAKI ELECTRIC Group as OSAKI, OSAKI Group or the Group.

Chapter 1

The OSAKI Group



OSAKI ELECTRIC Headquarters office



Message from the Chairman

Since its founding in 1916, the OSAKI Group has remained committed to the effective application of energy through power measurement and control. OSAKI has captured a leading position in Japan for its main product, the smart meter. Also, EDM I Limited, a global manufacturer of smart meters, joined the Group in 2012 to accelerate expansion. As of September 2020, OSAKI operates in more than 100 countries across Japan, Oceania, Europe and other regions.

The OSAKI Group's corporate vision is to be a "Global Energy Solution Leader" that takes on social challenges related to energy. The business environment for smart meters around the world is undergoing significant changes, as the Internet of Things (IoT) and Artificial Intelligence (AI) technologies rapidly evolve. Together with our diverse range of business partners, we aim to grow the Group by providing smart meters with enhanced functionality and innovative solutions that integrate IoT and AI into the global market.

We ask you to join us in our journey.

OSAKI Group Vision

Global Energy Solution Leader

History

Over the 100 years since being founded, continued to evolve and expand the power measurement and control technology required by the times.

History of OSAKI Group expansion

August 1916

Founded as Kogyo Seisakujo.

January 1937

Reorganised as a joint stock company.

April 1941

Acquired and merged with OSAKI Kogyo; corporate name changed to OSAKI ELECTRIC Co., Ltd., and lineup of meter transformers readied.

1960-1968

Meter manufacturing company established by joint investments with power companies:
 ● 1960 Kyuki Electric Corporation (now Kyuden Technosystems Corporation)
 ● 1961 Chubu Seiki Co., Ltd.
 ● 1968 Tohoku Electric Meter Industry Co., Inc.

January 1962

IPO on the second section of the Tokyo Stock Exchange

October 1980

Listed on the first section of the Tokyo Stock Exchange.

April 1990

Established OSAKI Engineering Co., Ltd.

November 2002

Ittron Datatech, with strength in energy metering systems, is acquired as a subsidiary (now OSAKI Datatech Co., Ltd.).

February 2007

M&A (Japan) Enegate Co., Ltd. became a subsidiary.

February 2012

M&A (Singapore) Acquired EDM I as a subsidiary. Sales ratio outside Japan increased significantly.

August 2016

100th Anniversary

1916-1950s

1960s-1970s

1980s-1990s

2000s

2010s

1932

First in Japan Production of thermal over-current circuit breaker; patent awarded.

1949

Initial electricity meter model developed.



Mechanical electricity meter

1956

Started selling magnetic current limiter.



Current limiter

1961

Top market share attained for induction-type electricity meters for power companies.

1970

First in Japan Remote control operations commenced under automated distribution system.



Automated distribution system

1978

Commercialisation of demand controllers.



Demand controller unit

1982

First commercial development of electronic electricity meter



Semi-electronic electricity submeter

1987

Development of high-voltage electronic electricity meter



High-voltage electronic electricity meter

2001

First in industry Development of in-line electricity meter for distribution panel



Compact electronic electricity meter

2003

Started providing Demand Management Services.

2008

First in Japan Installation of smart meter started; participated in joint development and installation project.



Smart meter (OSAKI ELECTRIC and Enegate)



Smart meter (OSAKI ELECTRIC)

2018

Launched keyless entry system OPELO



OPELO

2012-

Expansion of smart meters for overseas



Smart meter (EDMI)

2017

Launched "watch series"

History of products and solutions

History of OSAKI ELECTRIC Corporate Headquarters / Operating Divisions

1945-1952 October 1952 Established the first headquarters office.



1957-1961 June 1957 The headquarters office building was rebuilt. The building was expanded in 1961.



September 1963 Constructed Saitama Factory (now Saitama Operation Center) in Miyoshi Village (currently Miyoshi Town), Saitama Prefecture. Started operation.



April 1994 Completed the headquarters building (now OSAKI ELECTRIC Building). Moved headquarters office functions and started operations.



May 2009



Moved headquarters functions to Higashi Gotanda Square, and started operations.

November 2018 Established an open innovation laboratory at the OSAKI ELECTRIC Building.



Financial and Non-financial Highlights (Year ended 31st March 2020)

Net sales

¥ **90,069** million
YoY +9.7%↑

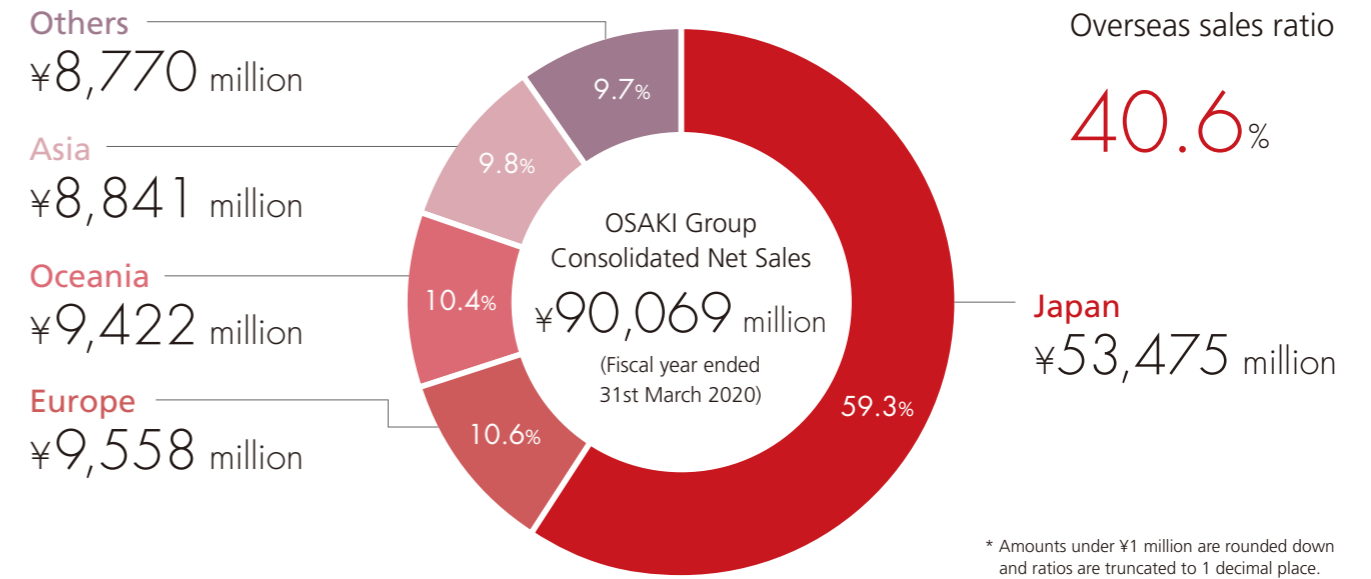
Overseas sales of smart meters were strong, particularly in the UK, the Iraq (Kurdistan Regional Government) and Cambodia.

Operating income

¥ **3,691** million
YoY -14.1%↓

Higher earnings from overseas operations were not enough to make up for a decline in domestic demand for smart meters and lower prices, resulting in an overall decrease in profit.

Sales by region



Profit attributable to owners of parent

¥ **1,197** million
YoY -33.7%↓

Profit decreased due to the decline in operating income.

Net income per share

¥ **24.47**
¥36.95 for the year ended 31st March 2019

Profit decreased due to the decline in operating income.

Net assets

¥ **58,637** million
YoY -0.4%↓

Substantially the same as the preceding year's results.

Net assets per share

¥ **956.44**
YoY -¥18.51↓

Declined due to an increase in minority interests.

Number of employees / Number of nationalities of employees (consolidated)

3,557 / **31** nations

Ratio of female employees

OSAKI ELECTRIC: **17.6%**
EDMI: **38.8%**

Return on equity (ROE)

2.5%
3.8% as of the end of the previous fiscal year

Declined corresponding to the decrease of profit attributable to owners of parent.

Equity ratio

47.8%
48.5% as of the end of the previous fiscal year

Declined due to a decrease in equity.

Number of employees who took paternal leave (OSAKI ELECTRIC)

4

Number of participants of language study abroad programme (OSAKI ELECTRIC)

16 (accumulated)

Chapter 2 Our Growth Strategy



Teleconference between our global site and office in Japan to activate group-wide communication in building a framework for global expansion.

Top Message



The OSAKI Group's vision is to become a "Global Energy Solution Leader" that creates new value worldwide through energy solutions.

Now that the world is entering a major turning point, we are also about to change dramatically.

Under the Mid-term Management Plan, we will further accelerate our transformation into a proposal-based business that leverages the technological capabilities cultivated to date.

We will create new value that meets the needs of global society.

We will also strive for sustainable growth while valuing relationships with our customers and various other stakeholders.

Mitsuyasu Watanabe
President and COO
OSAKI ELECTRIC Co., Ltd.

Turning Challenges into Opportunities for Accelerating Reforms

The business environment surrounding the OSAKI Group is changing drastically both in and outside Japan.

In the Japanese market, demand for smart meters with communication functions has passed its peak, but I expect demand for upgrades to next-generation models will pick up in fiscal 2024 when the installation of smart meters to all buildings is complete. Moreover, I believe that connected smart meters will form new energy infrastructure and we will leverage our product expertise and customer base to expand the potential of a variety of businesses that connect smart meters with products and services. In the overseas market, our business is growing in Oceania and the UK, where we have already signed contracts with major customers to supply smart meters. In addition, we are strengthening our operations in emerging countries, including the Iraq (Kurdistan Regional Government) and Cambodia, where we marked significant results in fiscal 2019.

The global outbreak of COVID-19 has slowed economic activity drastically, and we anticipate a temporary decline in our business performance in 2020. We have pushed back the targets for the Mid-term Management Plan announced in May 2019 by roughly one year.

However, I see business environments to be rough only for a short term, and demand for smart metering solutions will pick up and will grow steadily in the long run since smart meters play an important role in building future

energy infrastructure. Furthermore, many of the OSAKI products and solutions serve the “contactless” and “non-face-to-face” requirements of the “new normal” in the post-COVID-19 era, which is an advantage for the OSAKI Group to create new business opportunities.

In Japan, OSAKI has long proposed solutions to meet social challenges such as energy resource issues and labor shortages through energy management systems, automatic meter reading and other solutions. We are combining our measurement technologies with the Internet of Things (IoT) and Artificial Intelligence (AI) in creating new smart metering solutions to better serve a smarter society in the future.

In overseas markets, EDMI offers a wide range of products and services in more than 100 countries and regions. Going forward, the important management mission is to conduct business efficiently while achieving quality, cost, and delivery that conform to the requirements of each market. We will optimise group-wide production, development, and sales to strengthen management that emphasises margins.

Undoubtedly, the year 2020 will be marked in history as the year that changed the world. The OSAKI Group is turning this change into an opportunity to further accelerate its transformation to become a true “Global Energy Solution Leader.”

Mid-term Targets

(¥ million)

	FY2019	FY2020 Forecasts	FY2021 Outlook	FY2022 Outlook	FY2024 Mid-term Targets
Net sales	90,069	80,000	100,000	105,000	—
Operating income	3,691	1,500	5,000	6,000	8,000 and over
Profit attributable to owners of parent	1,197	100	3,000	3,500	—

* Although fiscal 2020 forecasts include the impact of the outbreak of COVID-19, it is not included in the outlook for fiscal 2021 and beyond.

Providing High-Value-Added Services through Partnerships

The OSAKI Group has explored opportunities to launch new core businesses as a key management strategy in the belief that they will add new value to smart meters. For this reason, we are actively promoting partnerships with startup companies and university laboratories that have strengths in IoT and AI technologies. I see OSAKI ELECTRIC is uniquely well-positioned to develop new businesses and services with external partners because we have a solid customer base formed through our many years of operations. More importantly, we are an independent company that is not affiliated with a major electronics corporation. To take advantage of this positioning, in 2018 we opened the open innovation laboratory “NEXT 100teX Lab” in Shinagawa-ku, Tokyo. At NEXT 100teX Lab, various projects are underway in collaboration with university laboratories, local governments, and startups.

In fiscal 2020, we began preparation for the local 5G testing environment at the Saitama Factory leveraging

technologies from our capital and business alliance partner.

Our goal is to develop new energy solutions and next-generation smart meters by demonstrating how smart meters can be used as communication hubs to efficiently collect large amounts of data. To date, we have provided a variety of smart solutions and services, including security, automatic meter reading, and energy management at commercial facilities. Among these, the keyless entry system “OPELO” is easily installed with existing keys, and well received for its high security and diverse unlocking methods. By responding to the needs of “non-contact” and “non-face-to-face” in the post-COVID-19 era, we will promote our products and services in a wide range of fields, including rental space and shared houses, in addition to apartment buildings centered on leasing. Going forward, we will work to create new businesses by enhancing our proposal capabilities through partnerships.

Achieving Profit-Oriented Global Growth

The Mid-term Management Plan positions global business as a pillar of the Group’s growth in response to the growing demand for smart meters in countries around the world. We plan to increase the Group’s overseas ratios of net sales and operating income to around 50%, by fiscal 2022. EDMI Limited, which joined our Group in 2012, is responsible for global business. EDMI, based in Singapore, is actively expanding its market by leveraging its geographic advantage to operate in Oceania and the United Kingdom, as well as emerging countries such as Asia and the Middle East.

On another front, OSAKI ELECTRIC has introduced a new executive officer system in 2020 to strengthen group management by separating management from execution. As the parent company, the management of OSAKI ELECTRIC, including myself, will set forth policies for overseas strategies. Based on these policies, EDMI will assume responsibility for business execution, which will lead to profit oriented global growth.

Looking at the impact of COVID-19 on global business, in the Oceania market, where EDMI has a market share of approximately 75%, and in the UK market, where we have received orders for governmental smart meter projects, the installation of smart meters has already resumed after the lockdown measures were lifted and we expect stable growth from here onward. In emerging markets such as Asia and the Middle East, we expect high growth from orders for new large-scale projects. In the Oceania market, we are expanding our end-to-end solutions offering that consists of smart meters and systems in New Zealand and Australia. Furthermore, we will promote higher-value-added businesses by building a subscription-type business model that provides cloud-based services.

Going forward, we will improve profitability by offering total solutions based on smart meters in Continental Europe and emerging countries as well.

My Management Beliefs

It is my strong belief that the OSAKI Group's mission is to keep earning the trust of society in responding to a broader range of social issues; then the Group will truly grow as a "Global Energy Solution Leader."

The key to achieving these goals is to share the vision and sense of unity among all employees across the Group. OSAKI has cultivated a sincere and homey corporate culture, which enables the company to maintain a leading position in a social infrastructure field. I am proud to say that many of our employees are faithful and diligent workers, which are the elements required in manufacturing social infrastructure products. However, it is also time for us to aggressively pursue new things. I took the initiative in promoting changes in employee mindset under the slogan "Change, OSAKI." Specifically, I regularly send direct messages to all employees, casually touching on my thoughts on topical news and other matters. Also, when the time allows, I join new awareness-raising training targeted for junior staff.

On the global business front, EDMI has entered the ninth year since it became a member of the OSAKI Group,

and integrated management is advancing under a shared corporate culture. At the time of the acquisition of EDMI, I placed the greatest emphasis on building mutual trust and confidence. To achieve this, we have face-to-face meetings with the current management team as well as retired founders of EDMI on a regular basis to exchange views and facilitate smooth Post-Merger Integration. We will continue to strengthen cooperation within the Group while respecting autonomy.

Furthermore, we intend to further enhance our relationships of trust with various stakeholders, including customers, business partners, shareholders, investors, and local communities that support the OSAKI Group's business. We are promoting initiatives to enhance the social reputation of the Group by engaging in dialogue with our stakeholders and actively disseminating information through the media.

To become a true "Global Energy Solution Leader" for the next 100 years, the OSAKI Group will continue to change and evolve to meet the expectations of society.

We ask for your kind support.



Analysis of Financial Results, Shareholder Return Policy, and Management Indicators

Analysis of Financial Results for Fiscal 2019

In Japan, net sales fell short of the target mainly due to a larger-than-expected decrease in demand for smart meters and delays to the next fiscal year for some of the solutions business and new business projects. On the other hand, profits were generally in line with the forecast owing to cost reduction efforts. In order to achieve mid-term growth, OSAKI is steadily expanding into new core businesses, with an increasing number of orders for our new keyless entry product, OPELO. We have also begun efforts to create added value using local 5G.

Overseas, net sales were generally in line with

the forecast. Profits fell short due to losses on the valuation of parts and materials due to changes in UK smart meter specifications and an increase in freight costs to prioritise delivery to major customers. On the other hand, operating profits improved significantly year on year due to the acquisition of large-scale projects in emerging countries, and we achieved a certain level of results toward "profit-oriented global growth," one of the key strategies in the Mid-term Management Plan.

The consolidated financial results are shown in the table below.

(¥ million)

	FY2019	Compared to the previous year		Compared to the initial plan	
		Amount	Ratio (%)	Amount	Ratio (%)
Net sales	90,069	7,980	+9.7	(1,930)	(2.1)
Operating income	3,691	(607)	(14.1)	(608)	(14.2)
Ordinary income	3,544	(748)	(17.4)	(355)	(9.1)
Profit attributable to owners of parent	1,197	(609)	(33.7)	(402)	(25.2)

Shareholder Return Policy

We regard the return of profits to shareholders as one of our important management policies, and our basic policy is to distribute results in accordance with business performance while assuming that we continue to pay stable dividends to our shareholders. Specifically, we will determine the dividend on equity (DOE) ratio of 2% or the dividend payout ratio of 30%, whichever is higher. In addition, with the aim of improving capital efficiency, we will continue to review the acquisition of treasury stock based on a comprehensive consideration of cash on hand, necessary working capital, recent performance, stock price, and whether or not there are any investment projects. With regard to internal reserves, with the aim of expanding corporate value over the long term, we will use them as a source of funds for R&D investment and capital investment to strengthen competitiveness, as well as for future business development, including M&A, in an effort to improve business performance.

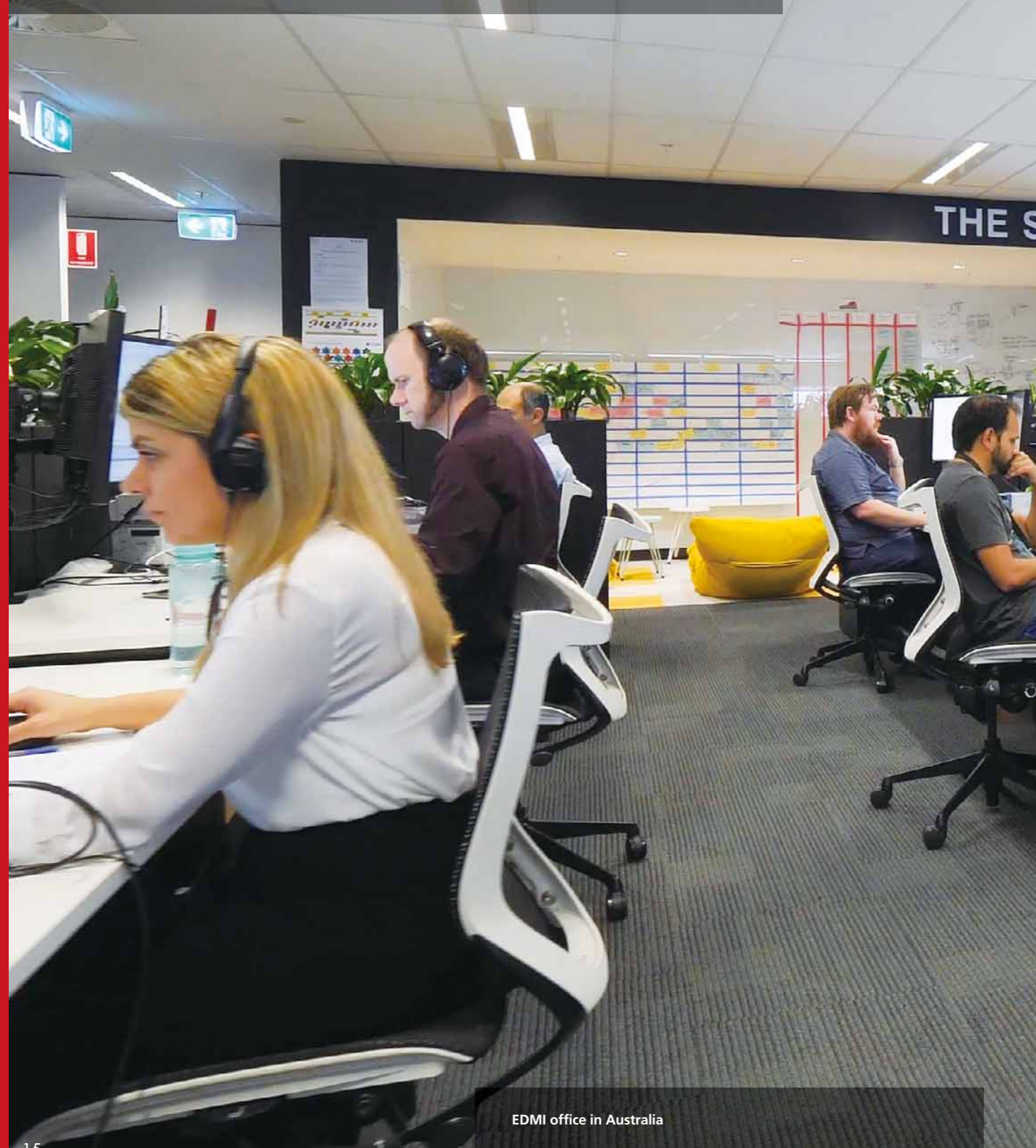
Management Indicators

We put strong emphasis on improving the efficiency of shareholders' equity, and aim to continuously improve ROE (Return on Equity). The targets of the Fiscal 2020-2024 Mid-term Management Plan announced in May 2020 are shown in the table below.

	FY2020 Forecasts	FY2021 Outlook	FY2022 Outlook	FY2024 Mid-term Targets
ROE	0.2%	6.0%	7.0%	9.0% and over

* Although fiscal 2020 forecasts include the impact of the outbreak of COVID-19, it is not included in the outlook for fiscal 2021 and beyond.

Chapter 3 Business Environment and Strategies



EDMI office in Australia



Global Business Strategies



How New Seng
Chief Executive Officer
EDMI Limited

Driving global growth in response to worldwide increased demand for smart meter

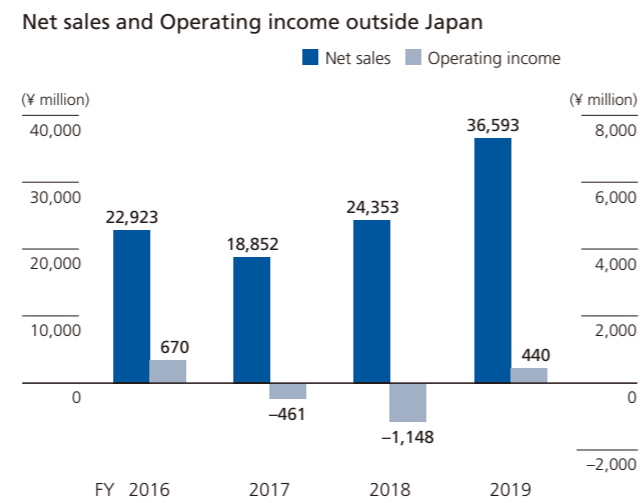
Since its establishment in 1978, EDM has been delivering high quality products and services globally. In 2019, EDM increased its shipments for the UK smart meter project, and its smart meter business is rapidly expanding in emerging markets in Asia and the Middle East.

As the number of smart meters rolled out continues to increase globally, EDM differentiates its presence from other competitors by maintaining a strong sales force in local markets and providing reliable delivery of high-quality products and services.

As a trusted supplier to many of the world's leading utility businesses, EDM is continuing to expand the scope of its customer offering, including the delivery of end to end solutions and to be a company with sustainable recurring profit.

Results in Fiscal 2019

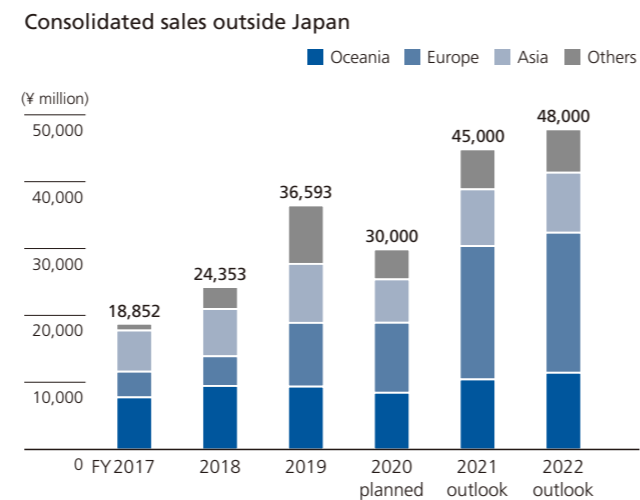
In fiscal 2019, overseas sales increased substantially. Shipments of communication hubs and smart meters in the UK increased, and smart meter projects for the Iraq (Kurdistan Regional Government) and Cambodia also contributed significantly to sales. In terms of costs, despite an increase in the cost of sales ratio mainly due to the recording of valuation losses on components in accordance with changes in specifications for smart meters for the UK, operating income improved significantly from the previous fiscal year, which was in the red, resulting in a return to positive profit due to the aforementioned increase in sales.



5-Year Mid-term Management Plan and Actions for Fiscal 2020

Prior investment was made for the smart meter project with a central focus on the UK market, and shipments to customers in the UK started to increase in fiscal 2019. We have also secured a market share of approximately 75% in Oceania, where government-led efforts are underway to install smart meters. Furthermore, demand for smart meters and metering systems is rising in emerging countries such as Asia and the Middle East, and there are increasing opportunities to improve earnings. Going forward, we will strengthen the development and production systems as a group in response to these rising demands, aiming to become a truly global corporate group that will account for nearly half of its consolidated results overseas.

In fiscal 2020, the second year of the Mid-term Management Plan, the installation of smart meters in some regions has been delayed due to lockdowns in various countries and cities due to the outbreak of COVID-19. However, the situation has gradually been resolved with the relaxation of lockdown measures. Demand is expected to continue to grow in the UK, Oceania, and emerging countries. Overseas operations, which are expected to reach a stable growth period, will complement the valley of demand in Japan.



* Fiscal 2020 plan includes the impact of the outbreak of COVID-19.

Strategies by Region



The installation of smart meters in Oceania is actively continuing to ensure efficient energy usage and cost control. Leveraging its position as a market leader in the region, EDMI is expanding the provision of advanced energy solutions to other regions.

Based on the 2012 public release of "Power of Choice (PoC)" government-led reforms to open the electric power market and electricity prices, the installation of smart meters became mandatory in December 2017 for the five states in East Australia where the population is concentrated. PoC reforms increase the demand for the provision of beneficial services to consumers as well as improvement of electric companies' operation leveraging smart meters. In responding to this, EDMI started to provide cloud-based service along with smart meters. EDMI was awarded the first major contract in response to the PoC reforms in the country in 2015 and subsequent contracts thereafter with other major customers, securing 75% of the market share.

In New Zealand, smart meters gained early recognition following projects to enhance the operation and management of transmission and distribution grids. EDMI has earned a market share of around 75% in New Zealand through the delivery of more than 1 million smart meters, solidifying its position as a market leader in the country. At the beginning of 2020, the installation of smart meters was delayed due to the lockdown, but the business outlook is optimistic with the replacement demand of smart meters.

EDMI continues to be a market leader in Oceania, well placed to provide value-added smart metering solutions.





United Kingdom

EDMI made an early entry into a residential smart meter rollout project in the UK. Based on the experience gained through this project, EDM I is driving forward to expand its market in European regions as an end-to-end solutions provider.

Smart Grid conversion is underway in Europe to adopt renewable energy for a low-carbon society. The smart meter is considered as a critical device to improve energy consumption efficiency and increase renewable energy supply, and its installation is being accelerated in households and companies.

Under this trend, EDM I is taking part in the residential smart meter rollout in the UK. The project adapts an energy management solution through communications hubs and smart meters for electricity and gas. EDM I has been contracted for the supply of 10 million communications hubs, which is equivalent to one-third of market share, and is looking to expand its share of smart meters with a target to achieve at least a 20% market share.

While the UK Government announced in 2019 the extension of the project deadline, sales have shown healthy growth from the latter half of fiscal 2019.

EDMI expects this project to make a significant performance over several years. Upon the success of the project in the UK, EDM I will deliver its expertise and knowhow in expanding business across Europe.



Other Regions

In responding to the increasing demand for electricity in emerging countries due to economic growth, EDM I is offering various solutions adapted to the needs of each market.

In emerging markets such as Asia, the Middle East, and Africa, needs vary greatly by country and region. Accordingly, EDM I is focusing on improving profitability in the region as a whole by selecting and focusing on high-value-added projects. Specifically, we are developing services in line with customer needs, such as prepayment solutions to secure bill collection and cluster metering solutions with a function to prevent tampering. In fiscal 2019, sales to Cambodia and the Iraq (Kurdistan Regional Government) increased dramatically, and the region has a very high growth potential in the future.



Message from EDM I executive

With the growth in distributed energy generation and battery technology, smart meters and associated management solutions are playing a more important role than ever before. EDM I has been delivering end-to-end smart metering solutions to assist digital utility customers in overcoming the obstacles faced in a distributed generation energy world.

In parallel, there are still many markets where energy meters are used as just a simple reading device. EDM I delivers high quality and feature-rich yet competitive smart meters to these markets, and continues to work closely with customers to unlock future new solutions and services for them.



Roy Kirsopp
Group Sales Director
EDMI Limited



Japan Business Strategies



Takehiko Ota
Managing Executive Officer
Head of Domestic Sales Division

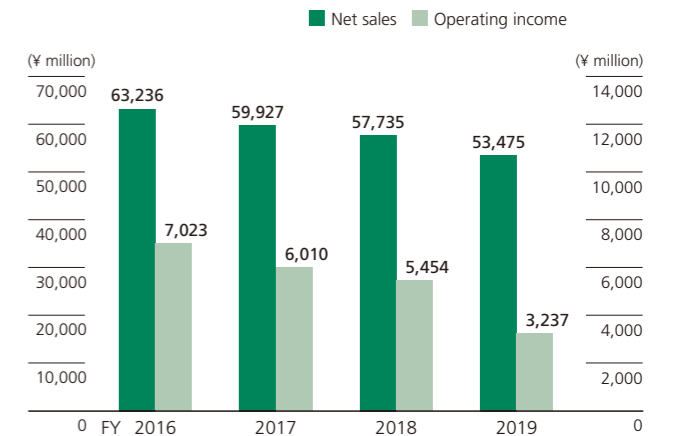
Co-create new value with our customers

OSAKI ELECTRIC provides customers in Japan with value-added services to tackle social issues such as electric power and other social infrastructures. OSAKI has contributed to the optimisation of power consumption by measuring and controlling power usage. It is our core technology that measures energy, providing data which indicates when, where, how much and for what purpose the power was consumed in order to control power usage. The power industry is facing changes in the business environment. These changes include laws and regulations, advancement in renewable power technologies, and the expanding EV and mobile power supply markets. These are just a few of the changes our society faces. OSAKI's smart meters and energy management services are based on measuring and control technologies. By combining our legacy technology with new technologies such as IoT and AI, we are providing solutions for power-saving and labor-saving, which are issues faced by Japan's social infrastructure. We believe that through collaboration with our customers and prospective partners, we can contribute to the society of the future. From the beginning of 2020, the outbreak of COVID-19 necessitated a shift to the "new normal" that reduces person-to-person contact. We are tackling the creation of new value that solves customers' issues by using the smart solutions business to make a contribution to the post-corona world.

Fiscal 2019 Financial Results

Japan is proceeding with the planned introduction of smart meters to all households and buildings by fiscal 2024. In the course of this undertaking, sales and profits have declined mainly due to the passing of peak replacement demand for smart meters, our mainstay product. Accordingly, in 2018 the Group launched the keyless entry system "OPELO" as a smart solutions business. During fiscal 2019 OPELO orders surpassed 100,000 units.

Net sales and Operating income outside Japan



Fiscal 2020 Business Strategy

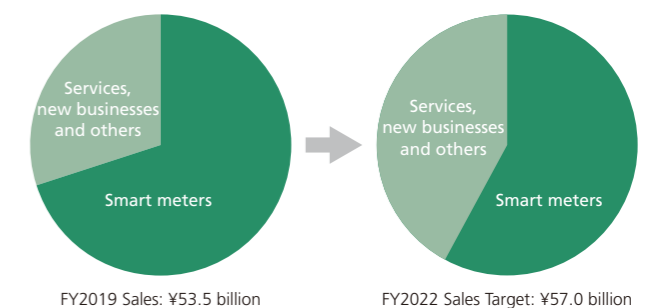
It is expected that smart meters will be installed in all households and buildings by fiscal 2024. Domestic demand for smart meters, our mainstay product, will decrease accordingly until the next cycle of replacement demand, so in fiscal 2020, we started expanding the smart solutions business. Due to the outbreak of COVID-19, the government is promoting a shift to the "new normal." Accordingly, we will utilise our remote control technology to provide added value in serving the "contactless" and "non-face-to-face" requirements in the post-COVID-19 era.



Mid-term Management Plan

Sales of smart meters played a part in approximately 70% of Japanese sales. We will expand the solutions business and gain customers in various industries to attain 40% of sales from businesses other than smart meters by fiscal 2022. We will proceed with the development of next-generation smart meters corresponding with plans for new energy infrastructures.

Japan: Sales breakdown by products and services



Topics

Enhancement of next-generation smart meter functionality based on local 5G verification testing

OSAKI ELECTRIC is enhancing the functionality of smart meters that can utilise 5G in anticipation of the power distribution business license system scheduled to be introduced in fiscal 2022.

The license system, based on the partial revision of the Electricity Business Act and Other Acts, is expected to result in an influx of new participants to the power distribution business that will include local governments as well as companies. It is also expected to generate a need for higher efficiencies in the operation and management of distribution networks. Focusing on the advantages of 5G, such as high speed, large capacity and low latency, OSAKI ELECTRIC started developing functions that utilise smart meters equipped with 5G modules as communication hubs. Utilising 5G to efficiently collect large amounts of data is expected to boost the efficiency of distribution network operation and management. For new entrants to the business, we also intend to propose smart meters equipped with unique functions and services utilising the new smart meters.

In September 2020, in collaboration with ABIT Corporation, an equity partner, we will build a local 5G environment at the Saitama Operations Center, and by the end of 2020 initiate verification testing of data collection using smart meters. These tests will lead to new solutions based on smart meters.



Local 5G device



Base station

Research and Development

The OSAKI Group is dedicated to the development of energy solutions for the society of the future. For this, the Group is concentrating its R&D on measurement and control, the core technologies used by the smart meters and peripheral products of power infrastructures. To further reinforce its position as an energy solutions provider,

OSAKI's R&D division is putting resources into integrating new technologies, such as IoT, AI, cloud computing, sensing, and communications protocols, with its product and service lineups, thereby creating new value for users.

In fiscal 2019, we started developing new technology such as local 5G and verification testing.

ENGINEER'S VOICE

Local 5G, which enables private 5G network operation, is an attractive technology that can accelerate the deployment of IoT in each field of industry and generate increased added value.

OSAKI ELECTRIC is currently introducing a local 5G evaluation system and applying for a license to start operation as an experimental test station.

Once the license is obtained, we will use the local 5G in the Saitama Operations Center to verify its operation under various scenarios, and to improve efficiency through our advanced power measurement technology and production of smart meters. Our aim is to provide original local 5G solutions by combining the technology with plant production technology.



Toshihiko Nagaoka
Special Assignment
Assistant Manager
Communication Systems
Group
Research & Development
Division

Manufacturing

The OSAKI ELECTRIC Saitama Operations Center is the main factory for smart meters and other products for the Japanese market. It also plays the role of the mother factory for developing and testing manufacturing know-how. The Saitama Factory owns highly efficient production lines using advanced manufacturing technologies and carefully-calculated procurement and logistics. Quality, cost, and delivery are strictly monitored and controlled by seasoned employees. Employees engaged in manufacturing are highly motivated to maintain and improve manufacturing quality and processes for better products.

Overseas production, including at the main Senai (Malaysia) plant, was suspended to prevent the outbreak of COVID-19, but is since being phased back in as lockdowns in each country are eased.

At the Saitama Operations Center, our responsibility is to maintain product shipments to customers by ensuring the safety of our employees and fully implementing infection prevention measures.



Smart meter production line at the Saitama Factory

The center conducts R&D and production, and is also verifying local 5G and developing smart meter production technology. The facility has a totally integrated system, from development to production, which shortens the time it takes to bring products to market and reduces costs.



New Business Strategies



Nobuyuki Ono
Executive Officer
Head of New Business Development
Division

Combining a top-notch measurement technology with IoT and AI, OSAKI will propose a new lifestyle for the society of the future.

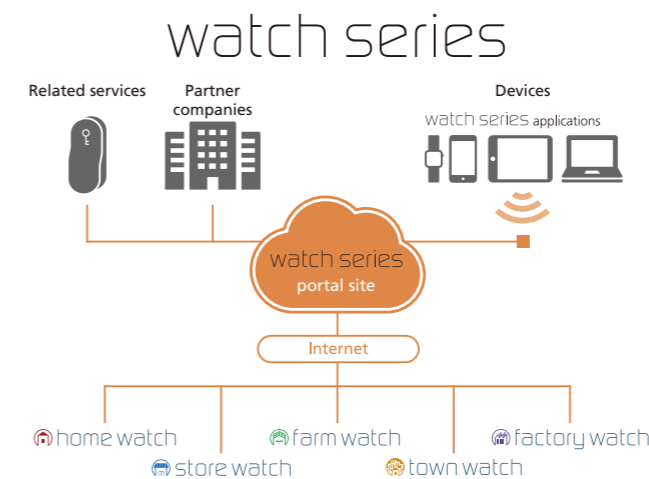
Since our foundation, OSAKI has proven our strength in measurement technology through production of electric meters and smart meters. It is this very technology that digitalised electricity usage, hence “visualised” power flow. Combining the technology with sensors, IoT, apps and online services, we created a whole new solution to control various parameters like room temperatures and lighting by remotely accessing electric appliances and other equipment. The “watch series,” or the new solution, provides services to a wide range of customers including smart homes, retailers and farms. Our aim is to propose a new business style or work style for these industries through the provision of the “watch series” services that fit lifestyles in the future digital society.

I am excited to see the development of the next-generation energy infrastructure where smart meters will be a communication hub to housing and buildings. Our challenge as a solution provider is to deliver services within houses and offices to control the living or working environment for people.

Solution Service Provides Data Visualisation

A new solution service, the “watch series,” delivers a tailored solution to the industry, based on data from various sensors combined with IoT and dedicated apps. In 2019, we launched “home watch,” an IoT service for smart homes which, linked with our keyless entry system, OPELO, is being adopted in a wide range of rental property applications.

In June 2020, in collaboration with the real estate services company ITANDI, inc., we started providing a new service that uses smart locks to allow potential tenants to view properties by themselves. These are some of the ways our service solutions are contributing to realising “contactless” and “non-face-to-face” services for the new normal in the era of COVID-19.



VOICE

With ITANDI’s “OHEYAGO” system, potential tenants who wish to view rental property can use their smartphone to reserve a visit and go on their own. Using OHEYAGO with OPELO makes it possible to inspect and manage rental properties without in-person contacts and interventions. For smart keys to become widespread in the rental business, the hardware component has to be high quality and optimised for both previews and when tenants move in.

Since OPELO has excellent hardware, is easy to install, and leaves no marks, it serves to enhance the property. The switchover from before to after moving in is simple, which for a real estate company, sets it apart from other smart keys. ITANDI itself is actively recommending it to other companies.



Shinpei Noguchi
President and CEO
GA technologies Group
ITANDI, inc.



Development in collaboration with a wide diversity of partners and suppliers to promote next-generation energy infrastructure solutions using IoT and AI

Expansion of Smart Solutions

OPELO was launched in 2018 as a keyless entry system developed in response to a request from a property rental management company for something to simplify key management. OPELO has three mode features: it can be switched between when a property is vacant and when a tenant has moved in; a high security mode for offline operation; and another mode for using contactless IC cards and smartphones in addition to cylinder key operation.

OPELO is used in a diverse range of business settings. These include hourly rental services for conference rooms,

vacation rentals, and the issuance of one-time passwords that allow prospective tenants to view properties without being accompanied by a staff member from the real estate company. Adoption of the system is steadily increasing. Other applications being considered in collaboration with partnership companies include the installation of smart locks at the entrances of auto-lock condominiums and issuing one-time passwords to enable delivery service personnel to leave packages inside the building.

Open Innovation Laboratory

The OSAKI Group is strengthening cooperation among its group R&D divisions to realise further synergies. At the same time, we efficiently move forward with our development by pursuing open innovation through collaboration with partner companies, universities and research institutions, the outsourcing of development and the utilisation of external resources.

In November 2018, OSAKI established an open innovation laboratory in Gotanda, Tokyo, where OSAKI ELECTRIC was founded, as a venue for collaborative creation with universities, local governments and startups.

The role of the new laboratory is to provide a place that

will give rise to projects that will form the cornerstones for building the society of the next 100 years. It is also aimed at ensuring a better society by collaborating in the creation of new value that surpasses industrial and corporate barriers.

At the laboratory, OSAKI aims to leverage its strengths in measurement and control technology while collaborating with university research laboratories, local governments and startups to accelerate development of advanced IoT and AI technologies. The endeavors will include the building of new business models, development of IoT devices and utilisation of big data to deliver new energy solutions.



Inside the laboratory

Laboratory Project No. 1

**Joint development of infrastructure system for next-generation smart city
NOSAER Co., Ltd.**

OSAKI ELECTRIC has started a new infrastructure system development project for smart cities in collaboration with NOSAER Co., Ltd., a venture firm from the National Institute of Information and Communications Technology (NICT).

Wi-SUN, used in current smart metering networks, is a communication standard that NICT developed and is promoting as an international standard. NOSAER is promoting the development of edge computing services, and the further spread of the Wi-SUN standard, using the Wi-SUN FAN standard that utilises Wi-SUN

for LPWA* communications.

OSAKI ELECTRIC is using its strengths in measurement technology in working with NOSAER to develop distributed infrastructure systems and various services for the realisation of smart cities.

* LPWA (Low Power Wide Area): A general term for wireless communication technologies that enable long-distance communication with low power consumption. The maximum transmission speed is about 100bps and the maximum transmission distance is about 50km. It is widely used for IoT and M2M (Machine to Machine) communication.

Laboratory Project No. 2

**Joint development of coworking space for work style reforms and housing regeneration
Spacee Inc.**

OSAKI ELECTRIC and Spacee Inc. have started joint development of a new smart coworking space as part of a collaborative creation project of the open innovation laboratory.

Spacee provides a marketplace ("Spacee") for conference rooms, training facilities, event halls, and workspaces in the Tokyo metropolitan area. Today, people are being urged to avoid closed spaces, crowded places, and close-contact settings, and to resort to telework, to prevent the spread of COVID-19 infections. Companies are even relocating to rural

areas. All this is generating a need to provide work-places and services that do not depend on the convenience of commuting and face-to-face interactions.

OSAKI ELECTRIC will link smart locks equipped with various unlocking methods and one-time password functionality with the Spacee system, forming a security system that can safely manage entry to unspecified numbers of users. In this way, we are providing new solutions to promote work style reforms and ease commuting in urban areas.

VOICE

We considered that to grow our business, we need to differentiate ourselves from conventional rental conference room services by placing an emphasis on the unmanned operation of such facilities. Smart locks are essential for unmanned operations, and in addition to ensuring a high level of security, we wanted the locks to be versatile enough to handle various unlocking methods. After comparing multiple products, OSAKI ELECTRIC's smart lock is the one that came closest to what we considered the ideal lock.

Looking to the future, we would like to use our partnership with OSAKI ELECTRIC as a foothold to promote unmanned operation of workspaces in various types of properties as well as in the rental conference room market. Working spaces we have converted so far include vacation rental properties, and while continuing to expand in such areas, we would like to further strengthen the relationship between our companies in collaborating to promote smart work that will lead to the realisation of smart cities.



Keisuke Uchida
Co-Founder and CEO
Spacee Inc.

Chapter 4 ESG Section



High-quality production lines at Saitama Factory, Japan

Value Creation Capabilities

OSAKI Group's corporate vision is to become a "Global Energy Solution Leader." We are committed to delivering energy solutions that create value, and have won the trust

of society by responding to the demands of stakeholders and assuming responsibility for the social impact of our activities.

OSAKI Group Approach to ESG

Environment: OSAKI Group delivers smart meters and energy-saving services which contribute to the reduction of CO₂ emissions, and as a responsible manufacturer, our business operations are environmentally friendly.

Social: The measurement and control technology we have refined over the years is applied to products and services to improve safety and security. Recognising that diversity of personnel is an essential part of resolving social

issues, the OSAKI Group is committed to ensuring workplace diversity.

Governance: Osaki Electric regularly evaluates the effectiveness of the Board of Directors' activities in a continuous effort to improve the Board's function, and has established a Nomination and Remuneration Advisory Committee, as well as an executive officer system, to ensure fairness, objectivity, and transparency.

Environment

Effect of business operations on the environment

Solving Environmental Issues	Providing products and services that help to reduce CO ₂ emissions
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Along with its smart meters, the OSAKI Group provides other products and services for optimising energy usage.

Reducing Group environmental footprint	Recycling
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We promote recycling by manufacturing environmentally friendly product and by reducing chemical and other waste, increasing our recycling rate.

Social

Solving social issues through socially responsible operations

Measurement and control technologies	Using measuring and connection technologies to provide society with new value in terms of increased safety and security
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We use AI and IoT technologies to create comfortable, safe and secure environments for buildings, commercial complexes, and residential housing.

Diversity	Diverse human resources working together
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New value created by people collaborating across borders, industries and organisations

Governance for the Environment and Society

Governance

Elevate corporate value and minimise risk

Supervisory and Executive Functions	Executive officer system
	Nomination and Remuneration Advisory Committee

Introduction of executive officer system in June 2020
The main role of the Board of Directors is to supervise management decision-making and business execution.
Clarification of executive authority and responsibility
→ For a management system that quickly responds to changes in the business environment

A Nomination and Remuneration Advisory Committee was set up in February 2019, chaired by an independent director. A majority of the new committee's members are independent officers.
→ For fairness, objectivity and transparency

Management	Effectiveness of the Board
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Yearly evaluation to improve Board's effectiveness
→ Continuous improvements

Board of Directors, Statutory Auditors & Executive Officers

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. (to date)
Mar. 2012 Chairman, SMB United Limited (currently OSAKI United International Pte. Ltd.) (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
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)
Jun. 2020 Executive Vice President (Representative Director) (to date)



Kazuo Nemoto Senior Managing Executive Officer Head of Administration Division

Apr. 1977 Joined OSAKI ELECTRIC Co., Ltd.
Jun. 2006 Director
Jun. 2007 Director and Deputy Head of Administration Division
Jun. 2011 Managing Director and Head of Administration Division
Jun. 2018 Senior Managing Director and Head of Administration Division
Jun. 2020 Senior Managing Executive Officer and Head of Administration Division (to date)



Ryuichi Ueno Managing Executive Officer Head of Corporate Strategy Division

Jul. 2010 Joined OSAKI ELECTRIC Co., Ltd.
Deputy General Manager of International Division
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 (to date)



Seiji Takashima Director (Independent)

Jun. 2012 Advisor, KYOWA EXEO CORPORATION (Retired September 2015)
Jun. 2014 Director, OSAKI ELECTRIC Co., Ltd. (to date)
Oct. 2015 Honorary Advisor, KYOWA EXEO CORPORATION (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. (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)

Toshio Yamanaka Auditor

Apr. 1973 Joined OSAKI ELECTRIC Co., Ltd.
Dec. 2000 CEO, Iwate Osaki Electric Co., Ltd.
Nov. 2002 Director, Osaki Datatech Co., Ltd.
Jun. 2005 General Manager of Finance & Accounting Department, OSAKI ELECTRIC Co., Ltd.
Jun. 2007 Director and General Manager of Finance & Accounting Department
Jun. 2011 Director and Deputy Head of Administration Division
Jun. 2014 Auditor (to date)

Shigehiko Yamamoto Auditor (Independent)

Mar. 2007 Managing Advisor, JAFCO Co. Ltd.
Jun. 2008 Auditor, OSAKI ELECTRIC Co., Ltd. (to date)

Kumiko Kitai Auditor (Independent)

Jun. 2011 Auditor (Independent), TAKARA HOLDINGS INC. (to date)
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)

Executive Officers

Satoshi Komazawa
Managing Executive Officer
Head of Research & Development Division

Atsumi Hatakeyama
Managing Executive Officer
Head of Manufacturing Division

Takehiko Ota
Managing Executive Officer
Head of Domestic Sales Division

Jun Abe
Executive Officer

Hiroyuki Hatakeyama
Executive Officer

Noriyuki Tokumoto
Executive Officer

Nobuyuki Ono
Executive Officer

Hiroshi Takahashi
Executive Officer

Messages from Independent Directors & Auditors

OSAKI ELECTRIC carries out a new growth strategy to continuously improve corporate value in a changing business environment.

Here are messages from independent directors and auditors.



Seiji Takashima
Director (Independent)

Companies are constantly required to create new value. Based on this awareness, the OSAKI Group has formulated a Mid-term Management Plan aimed at becoming a “Global Energy Solution Leader” under the slogan “Change, OSAKI.”

In June 2020, we introduced an executive officer system to clearly distinguish management from business execution, by reducing the number of directors from 15 to 7.

In February 2019, we established the Nomination and Remuneration Advisory Committee, of which I was appointed as chairman.

I hope that individual business execution efforts and results with respect to planned management and business objectives will be highly evaluated, and that a corporate culture that rewards employees for achieving higher results and provides them with even greater job opportunities will permeate the Group as a whole.

The Board of Directors endeavors to deepen discussions by adding long-term perspectives to the strategy based on the Mid-term Management Plan, including how to create added value in services for superior hardware products, what new products and services will cultivate new customers, and how to expand overseas businesses with greater growth opportunities than ever before.



Shigehiko
Yamamoto
Auditor (Independent)

Since its foundation of more than 100 years, the OSAKI Group has undergone significant changes in the business environment up until now.

Since my appointment as an independent corporate auditor in 2008, the Group has responded to technological innovation, market changes, and most importantly, a stricter demand for corporate governance requested by shareholders. During this period, OSAKI has worked hard to increase corporate value by making decisive investments quickly in its business.

In terms of group management, we are steadily implementing reforms. While maintaining the good corporate culture that the Company has built, I believe that it is also an important role for independent corporate auditors to point out the risks arising from “familiarity.” For that belief, I work closely with internal corporate auditors, the internal audit department, and the accounting auditor to improve “internal common sense.”

In addition to my responsibilities to oversee the fair execution of business by directors, I am committed as an independent corporate auditor entrusted by shareholders and as an independent officer as stipulated by the Tokyo Stock Exchange to deliver fair and transparent corporate management from the perspective of shareholders who hold our shares purely for investment purposes.



Nobuhiro Kasai
Director (Independent)

The Japanese market for smart meters, which is the main business of the OSAKI Group, is stable, but there is limited room for growth.

To drive further growth and increase market value for the OSAKI Group, in 2019 we announced a Mid-term Management Plan centered on the four pillars of “profit-oriented global growth,” “creation of added value for smart meters,” “creation of new core products and businesses,” and “strengthening the Group’s management foundation.” We are implementing reforms by focusing management resources on these four pillars.

While it will take some time to expand business overseas and develop new businesses, we are steadily implementing our plans. Currently, the global spread of COVID-19 is restricting our business activities in overseas regions. While the financial outcome for the short term is likely to be impacted, we are striving to improve the process of our business activities.

On the corporate governance front, we introduced an executive officer system and substantially streamlined the Board of Directors in fiscal 2020. We are still in the process of reinforcing group governance, and as an independent director, I would like to contribute to the Group’s future growth.



Kumiko Kitai
Auditor (Independent)

A year has passed since I became an independent corporate auditor of OSAKI Electric. Over the year, the Group has tackled important management issues, including smart meter businesses in the mature Japanese market, rapidly growing overseas businesses, and new businesses expected to become new core businesses.

It is also notable that we have successfully introduced an executive officer system in June 2020, which led to fewer members of the Board. Until then, there had been discussions in the Board Meetings with many constructive opinions from Independent Directors. From now on, I expect to see management decision-making based on in-depth discussions among fewer Board Members and business execution by executive officers with clear authority and responsibility.

My belief is that the core value of companies lay in their employees. To sustain growth of our Group, which has lasted more than 100 years, we are paying attention to the progress of securing and recruiting diverse human resources, and reforming the working style of the future era. Moreover, it is expected that our diligent and often cautious employees should take on challenges to change.

I am committed to improving corporate governance by frankly expressing opinions and exchanging information in various aspects of auditing, including discussions at meetings of the Board of Directors.



Corporate Governance

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

Fundamental Approach

In line with its corporate philosophy, OSAKI Group emphasises the interests of shareholders and other stakeholders. The enhancement of governance is important for the

long-term maximisation of corporate value, and 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 fulfil 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, two of whom are independent directors.

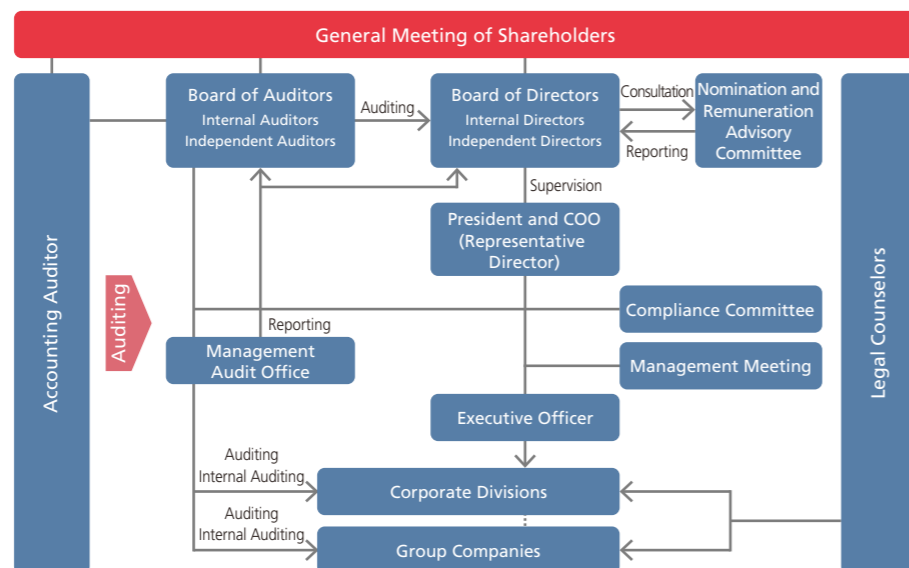
The independent directors and auditors were selected for their extensive management experience and practical knowledge, and the insight based on those qualities, and the external monitoring they perform will strengthen management monitoring and oversight functions.

Furthermore, the introduction of an executive officer system in June 2020 will further enhance the supervisory function of the Board of Directors and at the same time ensure executive speed and flexibility, forming an ideal corporate governance system.

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.

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.

The Board of Directors meets once a month, or as needed, to flexibly respond to changes in the business environment and conduct efficient management. The Board of Directors is assisted by management meetings of internal

directors held once a week, or as needed, to make routine business decisions and deliberate management issues. In addition, as a general rule, executive officer meetings are held once a month to promote company-wide information sharing and expedite business operations.

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.

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

Nomination and Remuneration Advisory Committee

OSAKI ELECTRIC established a Nomination and Remuneration Advisory 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 Advisory Committee has seven members, the majority of whom are independent directors or auditors. The chairman is an independent director.

The role and purview of the Advisory Committee are as shown here.

1. Matters concerning the appointment and dismissal of directors, auditors, and executive officers
2. Independence standards for independent officers
3. Matters concerning the selection and dismissal of representative directors
4. Matters concerning the selection and dismissal of executive directors and executive officers with a role
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 and auditors
8. Other matters deemed necessary by the Board of Directors

Evaluating 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 31st March, 2019, a

questionnaire is given each year to all directors and corporate auditors. This is done under the supervision of an outside consultant and the results are used to check the current status of the Board's function.



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 fulfil their social respon-

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

Compliance Code of Practice

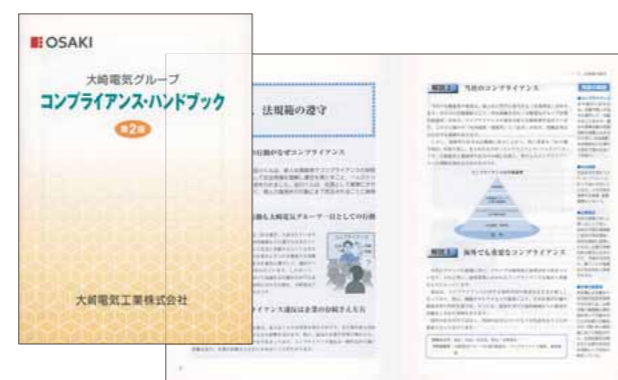
The code of practice is based on the Corporate Philosophy, with the Charter of Corporate Behaviour forming the action guidelines that define the basic policies and principles of compliance. These include 22 compliance items of the OSAKI Group Compliance Handbook, and internal rules and regulations based 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 educational activities.



OSAKI Group Helpline

To strengthen compliance management, the OSAKI Group has established a helpline system to handle information or consultations related to organisational 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 action.



Risk Management

The OSAKI Group takes precautions to minimise 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 minimises

latent risks in daily work operations, and crisis management is used to minimise 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
 - i. Identify actual or potential risks in the operations of each department.
 - ii. Compliance, quality, environment, product liability, export and control committees each identifies actual and potential risks.
2. Risk analysis and evaluation
 - i. Each department and committee evaluates the impact

- and possibility of occurrence of each identified risk and creates a risk map.
- ii. A company-wide risk map is created based on the risk maps submitted by each department and committee.
3. Response to risk
 - i. Take measures to avoid, reduce and control evaluated risks.
 - ii. Establish an emergency response plan when risks become apparent.

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

OSAKI 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 programmes 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.

Goal 1: By 31st March, 2021, to have a ratio of female employees of 17%, compared to 12% in 2016.

Supporting increased participation of female employees

As an equal opportunity employer, OSAKI ELECTRIC is strengthening the recruitment of women.

Goal 2: Provide managers and supervisors with awareness-raising education on career development, diversity and work-life for female employees, achieve a 100% participation rate in the programme and cultivate awareness and culture.

Promoting Work-Life Balance

OSAKI ELECTRIC makes continuous efforts to improve the work environment so that all employees can make full use of their abilities. The company is promoting a healthy work-life balance through the following initiatives.

Reducing overtime

Measures are taken to reduce overtime work including no-overtime days.

Parenting and nursing care support

Employee benefits include paternal and nursing care leave, and exemption from or restrictions on overtime work for parent employees.

Enhancing Health and Productivity Management

OSAKI ELECTRIC has been continuously implementing the following health management initiatives since 2018.

- (1) Efforts for early detection of health issues and prevention of stress
 - Mandatory comprehensive health examination for all employees aged 40 and over (free of charge)
 - Improvement of consultation rate for secondary examinations (detailed examinations and management examinations)
 - Improvement of consultation rate for persons subject to specific health guidance (aged 40 and over)
 - Expansion of subsidies for various optional examinations
- (2) Efforts related to maintaining and improving health
 - Provision of health information
 - Support for improving dietary habits through seminars
 - Participation in collaborative events (such as smartphone walking competitions) sponsored by health insurance
- (3) Work-life balance initiatives
 - Promotion of curtailing long working hours and taking paid leave

As a result of these efforts, in March 2020 OSAKI ELECTRIC was certified as a Health Management Excellent Corporation (Large-scale Corporate Division) under the Health Management Excellent Corporation Certification System, a joint selection made by the Ministry of Economy, Trade and Industry and the Japan Health Council.



Mental Health

As part of occupational safety and health measures, a stress check system has been established to raise awareness and support coping with stress. Stress check manuals have been

issued, and under a stress check plan and schedule, surveys are conducted by the company's occupational physicians and public health nurses.

Personnel System

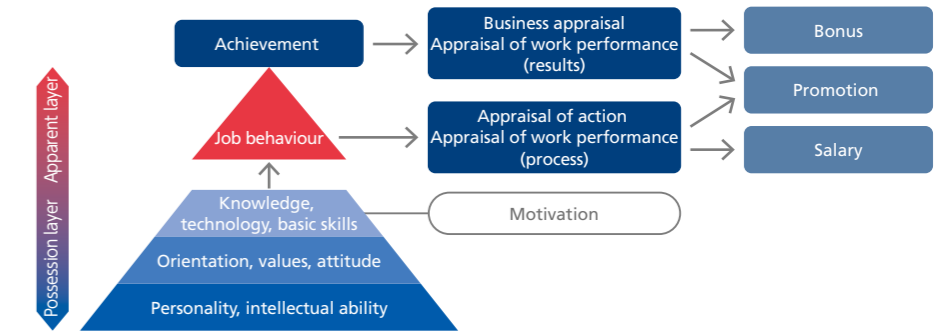
Self-assessment system

OSAKI ELECTRIC provides an opportunity for employees to evaluate their contribution to the company. This process includes face-to-face interviews with supervisors once a year where employees can discuss their goals and achievements as well as motivation and career interests. Transfers and relocations of employees are carried out after careful evaluation of their personality and competence.

Personnel assessment

Promotions and evaluation are based on a fair and transparent assessment system. Employees set their own goals in line with management policy and their performance and achievements are evaluated twice a year.

The OSAKI ELECTRIC Personnel System

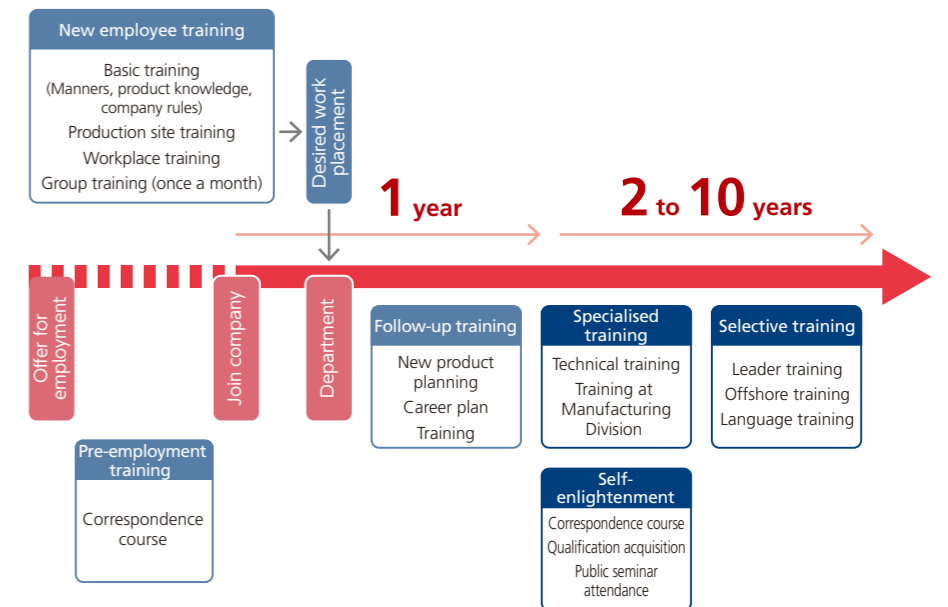


Career Advancement Programmes

OSAKI ELECTRIC offers a range of career advancement programmes to develop high-grade personnel.

Training begins from the first day at the company and includes several programmes to determine individual competencies. There also are training programmes for managers and engineers.

Image of the training system



Language Training

As part of the company's educational programme, language training is conducted in London and Singapore. Employees attend language schools and receive practical work experience at a local Group company. The programme

is designed to cultivate a global sense acquired through diverse experiences as well as improve international communication skills and the ability to adapt to different cultures.



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.

Investor Briefings

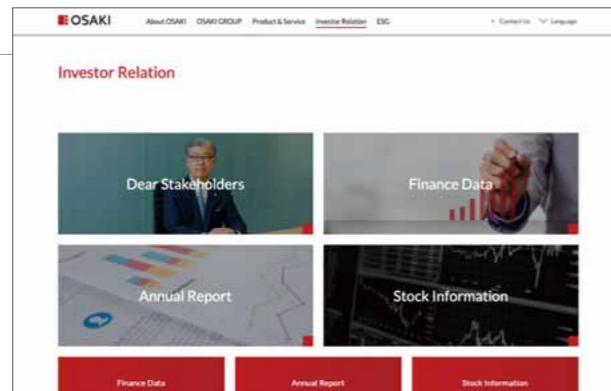
In June 2020, a briefing session on financial results and the Mid-term Management Plan was held for institutional investors and analysts. This fiscal year, the company adopted a telephone conference system to prevent the outbreak of COVID-19. Briefings will be held twice a year for full-year financial results and second quarter results.



Providing Information via the Website

To provide a better understanding of the Group, we provide fair and accurate information and enhanced disclosure in line with market requirements.

Information is distributed via the Timely Disclosure Network (TDnet) of the Tokyo Stock Exchange. The information is also posted on the Investor Relations section of the OSAKI ELECTRIC website and includes financial information as well as IR materials and stock information.



Corporate Report

The OSAKI Group issues a Corporate Report to provide shareholders, stakeholders and investors with information including management strategies, business activity reports, and ESG (Environment, Society, Governance) initiatives.



Together with Society

OSAKI ELECTRIC contributes to society through activities in various fields.

Handball Team: Supporting Sports and Community

OSAKI ELECTRIC has been supporting handball events for over 50 years. The company has a handball team, "OSAKI OSOL."

OSAKI OSOL 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. Employees engage in volunteer

activities for removing earth and sand in areas affected by heavy rains.



Takeshi Uchida
Coach, Miyoshi OSAKI Junior Handball Club
Domestic Sales Division

As part of its community contribution activities, OSAKI ELECTRIC has been holding a handball class once a month since 2013 in partnership with Miyoshi Town, the home of our handball team, which is the top team in Japan. Children who participate in the classes learn the fun and compassion of handball through the practices and get to better know elementary school students in other areas.

As more and more classes were held, the number of children who wanted to play against teams in other areas gradually increased, and in 2014, the Miyoshi OSAKI Junior Handball Club was formed. At the beginning, the team couldn't win any games, but after working hard, last year came a step closer to taking part in the national tournament. In practices, children's independence is respected and they can set their own goals, but first and foremost, we want them to enjoy playing the game.

We will continue to contribute to the development of the region through handball and support the growth of children and their limitless potential. If Miyoshi OSAKI Junior produces players who one day play for the OSAKI OSOL team, it will further strengthen the ties between the company and the region.

OSAKI Sports Foundation

OSAKI ELECTRIC established the Foundation in 1996. It supports the development of corporate sports and the expansion of the Japanese sporting population. It also helps

the next generation of athletes through subsidies, research, surveys and sporting exchange events.

Energy Design Hub

OSAKI ELECTRIC supports Energy Design Hub, a global network for broader cooperation in energy design activities. It is a design activity that reinterprets the creative act from an energy perspective. The aim of Energy Design Hub is to establish and develop this new area of energy design by collecting and sharing expertise and data on these activities and exchanging human resources, goods and projects.





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.



Environmental Initiatives

The OSAKI Group conducts environmental activities in various fields.

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 obtained ISO 9001 quality management certification. As of 2019, we have obtained ISO 9001: 2015 certification for design, develop-

ment and manufacturing at the Research & development and Manufacturing divisions, and IWATE OSAKI ELECTRIC.



Designated Manufacturer

On 23rd February 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 the emphasis on fair and free competition, transparent transaction and an awareness of our social responsibility. The Group also maintains a sound relationship with government agencies for the following two matters.

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.

Security export control

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.

OSAKI ELECTRIC Environmental Charter

OSAKI ELECTRIC contributes to society by pursuing energy solutions and creating new value through energy management based on measurement, control and IT products and systems. The Company's environmental philosophy of

contributing to the conservation of the environment and the local community states that it shall contribute to the environmental conservation of the region and the planet.

Action Guidelines (OSAKI ELECTRIC)

1. Recognizing the vital importance of protecting the planet's environment, we shall strive to remove environmental pollutants, save resources and energy, and use waste reduction and recycling to continuously reduce our environmental impact in all of our business activities.
2. Establish and maintain an environmental management system for continuous environmental conservation.
3. Comply with environmental laws and regulations and conserve the environment of local communities.
4. Use environmental audits to evaluate and review the implementation status of specific environmental objectives and targets.
5. Promote their understanding of these guidelines among employees, and raise their awareness of environmental improvements.
6. Strive to develop as a company rich in humanity by providing each employee with a clean and healthy work environment.

Smart Eco-activities

OSAKI ELECTRIC and its subsidiaries in Japan focus their strengths in energy measurement to resolve environmental issues.

OSAKI ELECTRIC production lines apply smart eco practices. OSAKI electricity meters and control devices are used and the data analysed to reduce the amount of power used while ensuring that employees have a comfortable workplace. The smart meters and demand management services provide new value to customers and contribute to a low-carbon and recycling-oriented society.



OSAKI ELECTRIC Environmental Conservation Ecology Mark



ISO 14001 certified

Green Procurement

In all its operations, OSAKI ELECTRIC tries to remove environmental pollutants and save resources and energy. We use waste reduction and recycling to decrease our environmental impact.

In response to regulations and societal demands for environmental initiatives OSAKI ELECTRIC has introduced "green procurement standards" and conducts surveys on the environmental impact of suppliers and the materials

procured to evaluate and promote environmentally friendly materials procurement.



Chapter 5

Data Section

Consolidated Balance Sheets

March 31, 2019 and 2020

ASSETS	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Current assets:			
Cash and cash equivalents	¥ 13,892	¥ 10,517	\$ 96,641
Deposits	2,601	2,421	22,252
Notes and accounts receivable - trade	19,836	22,063	202,732
Merchandise and finished goods	6,484	7,847	72,108
Work in process	3,766	2,559	23,514
Raw materials and supplies	9,436	10,086	92,685
Other current assets	2,510	2,016	18,526
Allowance for doubtful accounts	(605)	(531)	(4,886)
Total current assets	57,923	56,980	523,573
Non-current assets:			
Property, plant and equipment			
Buildings and structures	23,242	22,751	209,053
Less-accumulated depreciation	(13,675)	(13,547)	(124,478)
Total buildings and structures	9,566	9,204	84,574
Machinery, equipment and vehicles	13,963	14,662	134,729
Less-accumulated depreciation	(10,102)	(10,800)	(99,244)
Total machinery, equipment and vehicles	3,861	3,861	35,484
Land	12,503	12,483	114,710
Leased assets	1,986	3,717	34,160
Less-accumulated depreciation	(805)	(1,395)	(12,818)
Total leased assets	1,180	2,322	21,342
Construction in progress	186	132	1,212
Other fixed assets	7,454	7,552	69,394
Less-accumulated depreciation	(6,629)	(6,804)	(62,527)
Total other fixed assets	825	747	6,867
Net property, plant and equipment	28,124	28,752	264,192
Intangible assets			
Goodwill	615	405	3,723
Other intangible assets	1,115	1,030	9,469
Total intangible assets	1,730	1,435	13,192
Investments and other assets			
Investment securities	5,735	4,612	42,378
Net defined benefit asset	1,054	876	8,052
Deferred income taxes	1,150	1,237	11,373
Other assets	2,597	4,070	37,399
Allowance for doubtful receivables	(2)	(2)	(21)
Total investments and other assets	10,535	10,793	99,181
Total fixed assets	40,391	40,981	376,566
TOTAL	¥ 98,314	¥ 97,962	\$ 900,140

LIABILITIES AND EQUITY	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Current liabilities:			
Notes and accounts payable, trade	¥ 10,468	¥ 7,529	\$ 69,190
Electronically recorded obligations - operating	4,038	3,057	28,090
Short-term debt	10,703	5,925	54,448
Accrued income taxes	841	912	8,387
Provision for bonuses	1,733	1,748	16,066
Provision for directors' bonuses	0	21	194
Provision for product warranties	46	29	268
Other current liabilities	5,426	6,710	61,656
Total current liabilities	33,260	25,934	238,303
Long-term liabilities:			
Long-term debt	36	6,583	60,495
Lease obligation	767	1,807	16,609
Provision for directors' retirements benefits	108	33	311
Provision for repairs	—	7	64
Net defined benefit liability	2,254	2,276	20,920
Deferred income taxes	2,265	1,932	17,756
Other long-term liabilities	740	748	6,879
Total long-term liabilities	6,172	13,390	123,036
Total liabilities	39,432	39,324	361,340
Equity:			
Shareholders' equity			
Common stock:			
Authorized - 100,000,000 shares			
Issued 2020 - 49,267,180 shares and			
Issued 2019 - 49,267,180 shares	7,965	7,965	73,194
Capital surplus	8,750	8,750	80,408
Retained earnings	27,669	27,818	255,614
Treasury stock, at cost:			
346,162 shares in 2020 and			
346,095 shares in 2019	(223)	(223)	(2,049)
Total shareholders' equity	44,162	44,312	407,167
Accumulated other comprehensive income			
Unrealized gains on securities	1,412	587	5,402
Foreign currency translation adjustments	1,763	1,706	15,679
Remeasurements of defined benefit plans	356	183	1,686
Total accumulated other comprehensive income	3,532	2,477	22,768
Stock acquisition rights	474	544	5,000
Non-controlling interests	10,710	11,303	103,863
Total equity	58,881	58,637	538,800
TOTAL	¥ 98,314	¥ 97,962	\$ 900,140

Consolidated Statements of Income

Years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Net sales	¥ 82,089	¥ 90,069	\$ 827,616
Cost of sales	61,824	70,392	646,808
Gross profit	20,264	19,677	180,808
Selling, general and administrative expenses	15,965	15,986	146,889
Operating income	4,299	3,691	33,918
Non-operating income:			
Interest income	24	28	262
Dividend income	149	162	1,489
Foreign exchange gain	—	56	519
Gain on sales of investment securities	1	130	1,197
Others	243	168	1,547
	419	545	5,016
Non-operating expenses:			
Interest expenses	149	503	4,627
Foreign exchange loss	105	—	—
Loss on retirement of non-current assets	123	105	964
Others	47	84	772
	425	692	6,364
Ordinary income	4,293	3,544	32,569
Extraordinary gains:			
Gain on liquidation of subsidiaries	68	—	—
	68	—	—
Extraordinary losses:			
Impairment losses	27	70	645
Loss on disaster	57	—	—
	84	70	645
Income before income taxes and minority interests	4,277	3,474	31,924
Income taxes			
Current	1,672	1,376	12,645
Deferred	(2)	(92)	(850)
	1,669	1,283	11,794
Profit	2,607	2,190	20,129
Profit attributable to non-controlling interests	801	993	9,130
Profit attributable to owners of parent	¥ 1,806	¥ 1,197	\$ 10,998

Consolidated Statements of Comprehensive Income

Years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Profit	¥ 2,607	¥ 2,190	\$ 20,129
Other comprehensive income			
Unrealized gains on securities	(174)	(824)	(7,576)
Foreign currency translation adjustments	207	(57)	(524)
Remeasurements of defined benefit plans	(34)	(172)	(1,589)
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)	(3)
	(1)	(1,055)	(9,694)
Comprehensive income	¥ 2,606	¥ 1,135	\$ 10,435
Comprehensive income attributable to owners of the parent	1,805	141	1,304
Comprehensive income attributable to non-controlling interests	801	993	9,130

Consolidated Statements of Changes in Equity

Years ended March 31, 2019 and 2020

	Millions of yen				
	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at March 31, 2018	¥ 7,965	¥ 8,750	¥ 26,841	¥ (297)	¥ 43,260
Cumulative effects of changes in accounting policies					
Restated balance	7,965	8,750	26,841	(297)	43,260
Cash dividends paid			(977)		(977)
Profit attributable to owners of parent			1,806		1,806
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock			(1)	74	73
Net changes of items other than shareholders' equity					
Balance at March 31, 2019	7,965	8,750	27,669	(223)	44,162
Cumulative effects of changes in accounting policies			(69)		(69)
Restated balance	7,965	8,750	27,599	(223)	44,093
Cash dividends paid			(978)		(978)
Profit attributable to owners of parent			1,197		1,197
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock					
Net changes of items other than shareholders' equity					
Balance at March 31, 2020	¥ 7,965	¥ 8,750	¥ 27,818	¥ (223)	¥ 44,312

	Thousands of U.S. dollars				
	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at March 31, 2019	\$ 73,194	\$ 80,408	\$ 254,243	\$ (2,049)	\$ 405,797
Cumulative effects of changes in accounting policies			(637)		(637)
Restated balance	73,194	80,408	253,605	(2,049)	405,159
Cash dividends paid			(8,990)		(8,990)
Profit attributable to owners of parent			10,998		10,998
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock					
Net changes of items other than shareholders' equity					
Balance at March 31, 2020	\$ 73,194	\$ 80,408	\$ 255,614	\$ (2,049)	\$ 407,167

	Millions of yen						
	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total equity
	Unrealized gains on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at March 31, 2018	¥ 1,586	¥ 1,556	¥ 390	¥ 3,534	¥ 475	¥ 10,654	¥ 57,924
Cumulative effects of changes in accounting policies							
Restated balance	1,586	1,556	390	3,534	475	10,654	57,924
Cash dividends paid							(977)
Profit attributable to owners of parent							1,806
Purchase of treasury stock							(0)
Disposal of treasury stock							73
Net changes of items other than shareholders' equity	(174)	207	(34)	(1)	(0)	56	54
Balance at March 31, 2019	1,412	1,763	356	3,532	474	10,710	58,881
Cumulative effects of changes in accounting policies							(69)
Restated balance	1,412	1,763	356	3,532	474	10,710	58,812
Cash dividends paid							(978)
Profit attributable to owners of parent							1,197
Purchase of treasury stock							(0)
Disposal of treasury stock							
Net changes of items other than shareholders' equity	(824)	(57)	(172)	(1,055)	69	592	(393)
Balance at March 31, 2020	¥ 587	¥ 1,706	¥ 183	¥ 2,477	¥ 544	¥ 11,303	¥ 58,637

	Thousands of U.S. dollars						
	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total equity
	Unrealized gains on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at March 31, 2019	\$ 12,979	\$ 16,207	\$ 3,275	\$ 32,462	\$ 4,362	\$ 98,419	\$ 541,042
Cumulative effects of changes in accounting policies							(637)
Restated balance	12,979	16,207	3,275	32,462	4,362	98,419	540,405
Cash dividends paid							(8,990)
Profit attributable to owners of parent							10,998
Purchase of treasury stock							(0)
Disposal of treasury stock							
Net changes of items other than shareholders' equity	(7,576)	(528)	(1,589)	(9,694)	637	5,443	(3,612)
Balance at March 31, 2020	\$ 5,402	\$ 15,679	\$ 1,686	\$ 22,768	\$ 5,000	\$ 103,863	\$ 538,800

Consolidated Statements of Cash Flows

Years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 4,277	¥ 3,474	\$ 31,924
Depreciation and amortization	2,634	2,905	26,699
Impairment losses	27	70	645
Amortization of goodwill	204	201	1,853
Increase (decrease) in allowance for doubtful receivables	(98)	(66)	(608)
Increase (decrease) in provision for bonuses	67	19	182
Increase (decrease) in provision for directors' bonuses	(23)	20	191
Increase (decrease) in provision for product warranties	(8)	(17)	(160)
Increase (decrease) in provision for directors' retirements benefits	(29)	(74)	(687)
Increase (decrease) in net defined benefit liability	73	22	208
Decrease (increase) in net defined benefit asset	(21)	(70)	(650)
Interest and dividend income	(174)	(190)	(1,751)
Interest expenses	149	503	4,627
(Gain) loss on sales of investment securities	(1)	(130)	(1,197)
Loss on disposal of property, plant and equipment	123	105	964
Loss (gain) on liquidation of subsidiaries	(68)	4	39
(Increase) decrease in notes and accounts receivable	(2,067)	(2,313)	(21,255)
(Increase) decrease in inventories	(7,101)	(968)	(8,897)
Increase (decrease) in notes and accounts payable	3,270	(3,830)	(35,196)
Other, net	419	1,548	14,232
Interest and dividend received	176	192	1,768
Interest paid	(149)	(503)	(4,628)
Income taxes paid	(1,602)	(1,298)	(11,928)
Net cash provided by (used in) operating activities	76	(394)	(3,624)
Cash flows from investing activities:			
Payments for property, plant and equipment	(1,611)	(2,005)	(18,430)
Proceeds from sales of property, plant and equipment	40	46	424
Payments for intangible assets	(322)	(276)	(2,541)
Proceeds from sales of investment securities	5	176	1,619
Payments for long-term deposits	(1,000)	(2,000)	(18,377)
Other, net	69	(60)	(553)
Net cash provided by (used in) investing activities	(2,818)	(4,120)	(37,859)

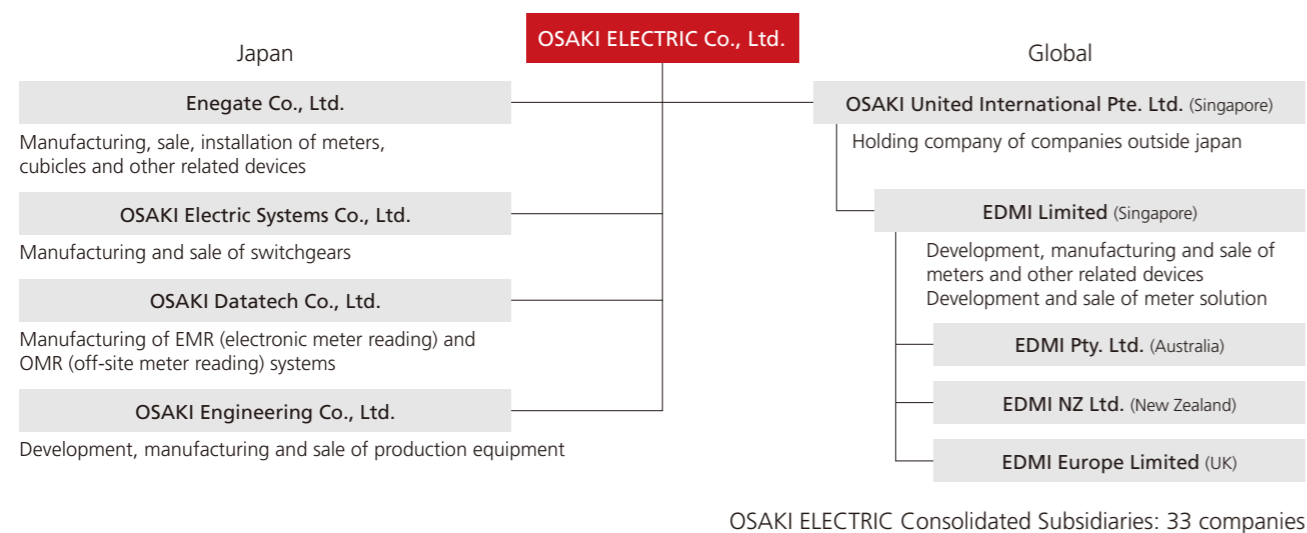
	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Cash flows from financing activities:			
Increase (decrease) in short-term debt, net	8,781	(3,124)	(28,711)
Proceeds from long-term debt	—	6,543	60,121
Payments for long-term debt	(1,253)	(1,518)	(13,949)
Repayment of lease obligation	(67)	(191)	(1,762)
Cash dividends paid	(977)	(978)	(8,988)
Dividends paid to non-controlling interests	(743)	(401)	(3,687)
Payments for treasury stock	(0)	(0)	(0)
Other, net	0	—	—
Net cash provided by (used in) financing activities	5,739	328	3,021
Effect of exchange rate changes on cash and cash equivalents	(277)	130	1,198
Net increase (decrease) in cash and cash equivalents	2,720	(4,055)	(37,264)
Cash and cash equivalents at beginning of year	13,701	16,422	150,896
Cash and cash equivalents at end of year	¥ 16,422	¥ 12,366	\$ 113,632

Company Profile (As of 31st March 2020)

Company Profile

Established:	26th January 1937	
Capital:	¥7,965 million	
Number of Employees:	3,557 (consolidated)	
Offices:	Headquarters	2-10-2 Higashi-Gotanda, Shinagawa-ku, Tokyo 141-8646 Phone: +81-3-3443-7171
	Saitama Operation Center	1131 Fujikubo, Miyoshicho, Irumagun, Saitama 354-8501
	Sapporo Office	Sumitomo Seimei Sapporo Bldg., 5-2-12 Kitagojounishi, Chuo-ku, Sapporo, Hokkaido 060-0005
	Sendai Office	Oak Sendai 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

OSAKI Group Companies



Stock Information (As of 31st March 2020)

Common Stock

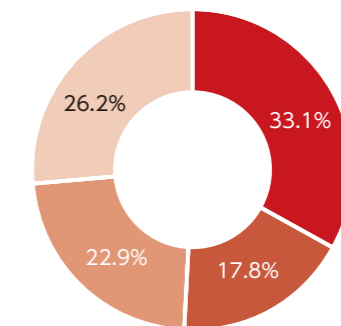
Authorised:	100,000,000
Issued:	48,921,018 (Excluding treasury stocks of 346,162 shares)
Number of Shareholders:	4,816

Major Shareholders

	Number of shares (Thousand shares)	(%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,973	8.1
Japan Trustee Services Bank, Ltd. (Trust Account)	3,540	7.2
GOVERNMENT OF NORWAY	2,331	4.7
Osaki Electric cooperation company shareholding commission	1,694	3.4
MUFG Bank, Ltd.	1,552	3.1

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

Breakdown of Shareholders

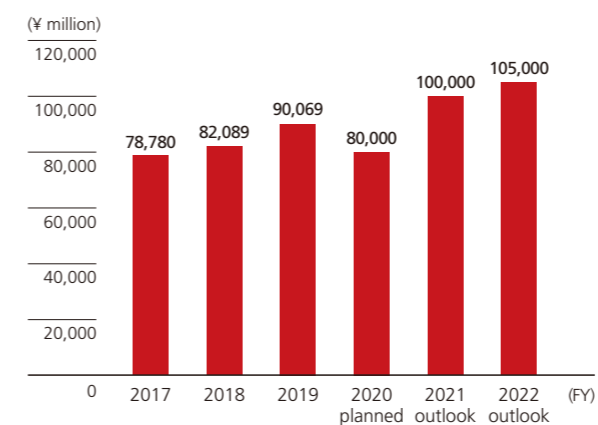


Financial Institutions	33.1%
Japanese Companies	17.8%
Foreign Companies and Individuals	22.9%
Individuals and Others	26.2%

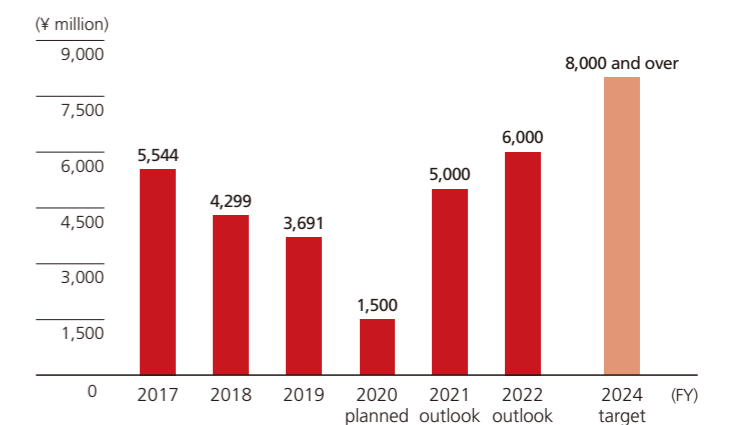
Note: Treasury stocks are included in "Individuals and Others."

Trend of Business Results

Net Sales



Operating Income





OSAKI ELECTRIC CO., LTD.

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<https://www.osaki.co.jp/en/>

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