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Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

May 11, 2023

Company name: Osaki Electric Co., Ltd.

Stock exchange listing: Tokyo

Code number: 6644

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

Representative: Chairman and CEO

Yoshihide Watanabe

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Head of Corporate Strategy Division

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Scheduled date of Annual General Meeting of Shareholders: June 28, 2023

Scheduled date of commencing dividend payments: June 29, 2023

Scheduled date of filing annual securities report: June 29, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes (for Institutional Investors and Analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	89,253	17.2	2,226	74.3	1,885	59.3	1,319	-
March 31, 2022	76,184	(0.1)	1,277	(52.4)	1,189	(58.8)	(658)	-

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 3,296 million [358.8%]
Fiscal year ended March 31, 2022: ¥ 718 million [(57.2)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended March 31, 2023	Yen 27.86	Yen 27.41	% 2.9	% 2.0	% 2.5
March 31, 2022	(13.42)	-	(1.4)	1.3	1.7

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of March 31, 2023	Millions of yen 93,268	Millions of yen 58,629	% 49.2	Yen 981.44
March 31, 2022	91,222	57,611	49.6	936.60

(Reference) Equity: As of March 31, 2023: ¥ 45,933 million
As of March 31, 2022: ¥ 45,236 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	260	1,349	(5,072)	12,718
March 31, 2022	4,422	(1,219)	(2,934)	15,335

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	-	10.00	-	10.00	20.00	974	-	2.1
March 31, 2023	-	10.00	-	10.00	20.00	942	71.8	2.1
Fiscal year ending								
March 31, 2024 (Forecast)	-	10.00	-	10.00	20.00		93.6	

3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	43,000	8.7	900	68.1	700	100.9	200	(80.8)	4.27
Full year	88,000	(1.4)	2,800	25.2	2,400	26.6	1,000	(24.8)	21.37

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)
Exclusion: - (Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2023: 49,267,180 shares
March 31, 2022: 49,267,180 shares

2) Number of treasury shares at the end of the period:

March 31, 2023: 2,464,755 shares
March 31, 2022: 968,247 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023: 47,374,082 shares
Fiscal Year ended March 31, 2022: 49,040,808 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	29,889	27.4	1,388	-	2,150	-	3,350	-
March 31, 2022	23,461	(8.4)	(865)	-	23	(97.9)	(77)	-

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	70.72	69.58
March 31, 2022	(1.57)	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	54,349	37,605	68.3	793.53
March 31, 2022	51,551	35,711	68.3	728.83

(Reference) Equity: As of March 31, 2023: ¥ 37,139 million
As of March 31, 2022: ¥ 35,201 million

*Financial results are exempt from the audit conducted by certificated public accountants or an auditing firm.

*Proper use of business forecasts and other special notes

The description of the future such as business outlook made in this statement are based on the information we currently have and the certain assumptions that we consider reasonable and any reference to future outlook does not represent commitment that it will be achieved.

The actual performance may significantly vary due to the various factors. Conditions for business forecast assumptions and a suggested use of business forecast, please refer to the page 8, "1.4 Consolidated Forecast".

The Company plans to hold a briefing session for Institutional investors and Analysts on May 23, 2023. Documents of the briefing session will be posted on our website immediately on the day of the event.

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1. Business Results (Fiscal year ended March 31, 2023)

1.1 Highlight of Operating Results of this Fiscal Year

- Consolidated sales were increased by 17.2% year on year to 89.3 billion yen. Operating income improved by 74.3% to 2.23 billion yen. Net income attributable to owners of parent were 1.32 billion yen in contrast to loss of 0.66 billion yen in the previous fiscal year, due to extraordinary income from sale of subsidiaries in and out of Japan.
- In Japan, sales of smart meters and solutions increased from the previous fiscal year, resulting in profit increase.
- In the overseas, shipments to Oceania showed healthy increase from the previous fiscal year while shipments to UK decreased due to a shortage of electronic components. On a U.S. dollar basis, overall sales decreased while increased on a Japanese Yen basis factoring in the forex impacts. Overall profits decreased from sales decrease on a U.S. dollar basis and hikes in material costs.

Summary of Consolidated Financial Results for the Year ended March 31, 2023

(Millions of yen)

	FYE Mar '22	FYE Mar '23	YoY change	
			Amount	%
Net sales	76,184	89,253	13,069	17.2%
Smart meters & solutions in Japan	46,006	54,427	8,420	18.3%
Smart meters & solutions overseas	30,068	34,613	4,545	15.1%
Production equipment	692	761	69	10.0%
Real estate	553	571	17	3.2%
Adjustment	-1,137	-1,121	15	-
Operating income	1,277	2,226	949	74.3%
Smart meters & solutions in Japan	1,225	3,816	2,590	211.4%
Smart meters & solutions overseas	58	-1,886	-1,944	-
Production equipment	-282	9	291	-
Real estate	271	295	23	8.7%
Adjustment	4	-7	-12	-
Ordinary income	1,189	1,885	695	58.5%
Profit attributable to owners of parent	-658	1,319	1,978	-

1.2 Consolidated Financial Condition

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023	YoY change
Total assets	91,222	93,268	2,045
Total liabilities	33,610	34,638	1,028
Total equity	57,611	58,629	1,017
Equity ratio	49.6%	49.2%	-0.3%

Total assets at March 31, 2023 were 93,268 million yen, a 2,045 million yen increase from March 31, 2022. This was mainly due to an increase in notes and accounts receivable -trade and contract assets, and inventory by 3,059 million yen and 2,967 million yen respectively while cash and cash equivalents decreased by 2,686 million yen.

Total liabilities were 34,638 million yen, a 1,028 million yen increase from March 31, 2022. This was mainly due to an increase in notes and accounts payable – trade and electronically recorded obligations – operating and tax payable by 1,681 million yen and 401 million yen respectively, despite a decrease in short-term and long-term borrowings at overseas subsidiaries by 1,419 million yen.

Net assets were 58,629 million yen, a 1,017 million yen increase from March 31, 2022. This was mainly due to an increase in foreign currency translation adjustments, capital surplus and non-controlling interest by 843 million yen, 362 million yen and 363 million yen respectively while treasury shares deducted from equity increased by 767 million yen.

1.3 Cash Flows

Cash and cash equivalents at beginning of period was 12,718 million yen, a 2,616 million yen decrease from the beginning of the previous fiscal year ended March 31, 2022.

(Millions of yen)

	FYE Mar '21	FYE Mar '22	YoY change
Net cash provided by operating activities	4,422	260	-4,161
Net cash provided by investing activities	-1,219	1,349	2,569
Net cash provided by financing activities	-2,934	-5,072	-2,138
Cash and cash equivalents at end of year	15,335	12,718	-2,616

(1) Net cash provided by operating activities

Net cash provided by operating activities for the year ended March 31, 2023 was 260 million yen. This was mainly due to a recording of 3,574 million yen in income before income taxes and minority interests, 2,587 million yen in depreciation and amortization, 1,982 million yen in increase in notes and accounts receivable – trade offset the decrease in cash from an increase in trade receivables by 3,421 million yen, inventory by 2,593 million yen and a recording of tax payable in the amount of 851 million yen.

(2) Net cash provided by (used in) investing activities

Net cash provided by investing activities for the year ended March 31, 2023 was 1,349 million yen. This was mainly due to an income from sale of consolidated subsidiaries in the amount of 3,638 million yen offset the payments for property, plant and equipment in the amount of 1,443 million yen.

(3) Net cash provided by (used in) financing activities

Net cash used in financing activities for the year ended March 31, 2023 was 5,072 million yen. This was mainly due to a decrease in short-term and long-term loans payable overseas by 2,464 million yen, dividends paid to non-controlling interest in the amount of 1,486 million yen, and payments for repurchase of its own stock in the amount of 847 million yen.

Cash Flow Indicators

(Millions of yen)

	FYE Mar '21	FYE Mar '22	FYE Mar '23
Equity ratio	51.2%	49.6%	49.2%
Equity ratio at market value	32.8%	24.8%	26.7%
Cash flow to interest-bearing debt ratio (per annum)	0.6	2.1	29.4
Interest coverage ratio (times)	27.4	15.4	1.8

(Note)

Equity ratio: $\text{Equity} / \text{Total assets}$

Equity ratio at market value: $\text{Market capitalization} / \text{Total assets}$

Cash flow to interest-bearing debt ratio: $\text{Interest-bearing debt} / \text{Net cash provided by operating activities}$

Interest coverage ratio: $\text{Net cash provided by operating activities} / \text{Interest payment}$

* Each indicator is calculated based on the consolidated financial report.

* Market capitalization is calculated by share price at the end of year multiplied by total number of issued shares excluding treasury stock.

* Net cash provided by operating activities is equivalent to that of consolidated statements of cash flows in the financial report for the fiscal year ended March 31, 2023. Interest-bearing debt includes all debts with interest payments on the consolidated balance sheets as of March 31, 2023. Interest payments are equivalent to that of consolidated statements of cash flows for the fiscal year ended March 31, 2023.

1.4 Consolidated Forecasts

(1) Consolidated forecasts for the fiscal year ending March 31, 2024

(Millions of yen)

	FYE Mar '23	FYE Mar '24	YoY change	
			Amount	%
Net sales	89,253	88,000	-1,253	-1.4%
Smart meters & solutions in Japan	54,427	50,500	-3,927	-7.2%
Smart meters & solutions overseas	34,613	38,000	3,386	9.8%
Production Equipment	761	-	-761	-
Real Estate	571	600	28	4.9%
Adjustment	-1,121	-1,100	21	-
Operating income	2,226	2,800	573	25.7%
Smart meters & solutions in Japan	3,816	1,900	-1,916	-50.2%
Smart meters & solutions overseas	-1,886	600	2,486	-
Production Equipment	9	-	-9	-
Real Estate	295	300	4	1.6%
Adjustment	-7	-	7	-
Ordinary income	1,885	2,400	514	27.3%
Profit attributable to owners of parent	1,319	1,000	-319	-24.2%

Sales of Smart meters & solutions in Japan will remain stagnant up until the demand pick up until fiscal 2025 when the introduction of next-generation smart meters is anticipated. Profits are expected to decrease due to sales decrease aforementioned, in addition to material costs, which the Company has worked to contain to some degrees, are expected to raise from yen depreciation.

As for Smart meters & solutions overseas, a shortage of electronic components is expected to resolve and shipments to UK will increase accordingly. Oceania is also showing steady growth, leading to overall sales to increase. Profits are expected to recover due to sales increase from aforementioned factors and a slowdown in material cost hikes, that were largely caused by material shortages.

All in all, consolidated sales for the fiscal year ending March 31, 2024 are expected to decrease by 1.4% to 88,000 million yen. Operating income and ordinary income are expected to increase by 25.7% to 2,800 million yen and 27.3% to 2,400 million yen respectively. Profit attributable to owners of parent expected to decrease by 24.2% to 1,000 million yen.

(2) Mid-term Management Plan

(Millions of yen)

	FYE Mar '24	FYE Mar '25	FYE Mar '26	FYE Mar '28
	Forecast	Outlook	Outlook	Mid-term Target
Net sales	88,000	91,000	98,000	
Operating income	2,800	4,000	5,500	
Ordinary income	2,400	3,700	5,200	
Profit attributable to owners of parent	1,000	2,200	3,300	
ROE	2.5%	5.0%	7.0%	8.0% (or higher)

1.5 Fundamental Policy Regarding Distribution of Profits

The Company sets basic policy to carry out the continual distribution of steady dividends to shareholders while providing additional performance-based dividends.

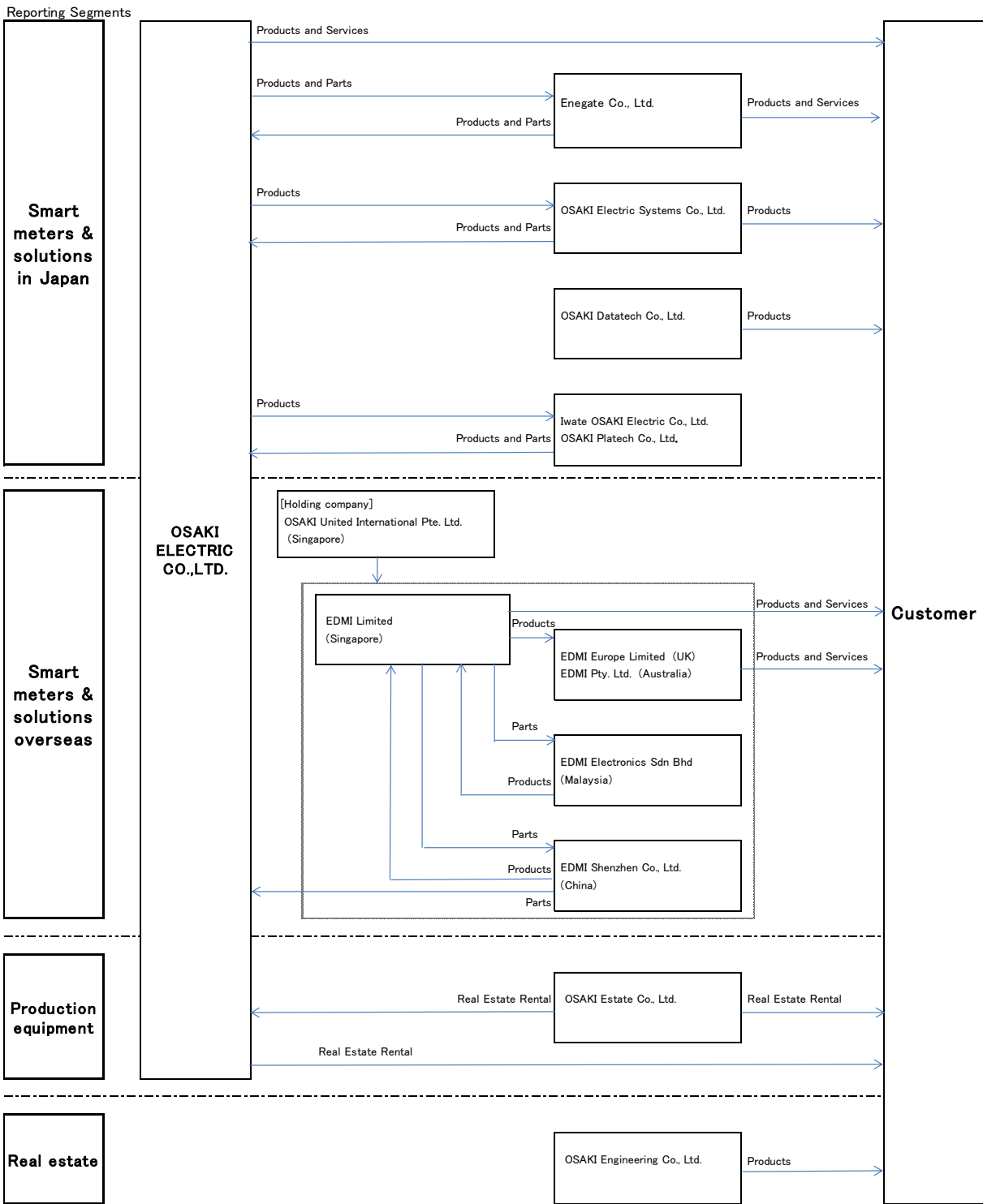
The basic policy states that, in principle, the amount distributed is higher of either a dividend payout ratio of 30% or 2% of DOE (dividend on equity).

With the goal of increasing capital efficiency, we continuously evaluate the share buy-back option while taking such factors as cash on hands, working capital, financial performance and stock price trend, and investment opportunities into consideration.

As part of our drive to increase our long-term growth in corporate value, we apply retained earnings towards R&D investments and capital expenditures that will increase our competitiveness. We also aim to use retained earnings effectively towards M&A and other business opportunities aimed at increasing earnings.

The year-end dividend outlook for the current year is 10 yen per share, and annual dividends of 20 yen. For the next fiscal year, the Company plans to pay an interim dividend of 10 yen per share and 10 yen of year-end dividend, resulting in annual dividends of 20 yen, the same as the current year.

1.6 OSAKI ELECTRIC Group Structure



1.7 Business and Other Risks

The following are the potential major risks that management recognizes as having a material impact on the financial position, results of operations and cash flows of the consolidated companies in the matters related to business conditions, accounting conditions, etc. described in the summary of financial results.

(1) Market fluctuations

Market fluctuations for the products OSAKI and its group companies provide are caused by various factors such as political and economic conditions of the regions in subject or government policies. In addition, product demand is affected by major customers' financial performance or business and investment plans.

Smart meters, which are the Group's mainstay products, are replaced periodically under regulations. For example, the Measurement act in Japan sets at 10years for the verification period (or the usable period) of smart meters. Overseas, while usable periods and regulations differ by countries and regions, periodic replacements of smart meters are often required. As a result, demand fluctuations occur in accordance with cyclical periods of replacements which in turn, affect the financial positions and operations of the Group.

To encounter the aforementioned risks, the Group is expanding its business not only in Japan but also in Oceania, Europe, and other emerging countries to disperse the impact of market fluctuations. In addition, the Group is working to stimulate demand by launching new products and adding additional functions, and to cultivate new customers. While we are working to disperse the impact of fluctuations in demand, significant fluctuations in demand could affect the Group's performance.

(2) Price competition

The smart meter industry is highly competitive both in and outside of Japan, and pricing is one of the most important factors in sustaining competitive positions. To avoid price competition, the Group selects markets where quality, safety and added value are appreciated, as well as committing to enhance product competitiveness. However, if prices decline significantly or large quantities of products are sold at lower than anticipated prices, the Group's performance will be negatively impacted.

(3) Supply chain risks

a. Procurement of parts and materials

The Group implements specification changes of smart meters to improve functionality and quality, as well as reducing costs. Therefore, procurement of parts and materials is carefully planned to maintain appropriate inventory levels while responding to specification changes of smart meters, order forecasts and procurement lead-time.

However, insufficient supply capacity amid tight demand for materials could adversely influence the Group's manufacturing operations. This risk is currently evident due to the worldwide shortage of semiconductors. In addition, changes in customer requests may lead to inventory retention of disused parts and materials. Due to the aforementioned factors, the Group's performance may be affected.

b. Cost of parts and materials

The Group purchases parts and materials at appropriate prices. However, prices for semiconductors, metals and other products are rising and they may rise higher in the future. In addition, higher logistics costs due to rising crude oil prices and forex fluctuations may adversely affect profit margins if they are unable to fully compensated by selling products at appropriate pricing.

(4) Overseas business

The Group's overseas business operations are mainly in Oceania, Europe, and other emerging countries. Overseas sales accounted for approximately 40% of the consolidated net sales for the year ended March 31, 2023. OSAKI's executives concurrently serves as Directors at its overseas subsidiary, recognizing that overseas business is essential in the mid to long term growth of the Group. Management recognizes the importance in close communication with overseas subsidiaries and information regarding operations and risks are reported in a timely manner. In response to reducing country risk, the Group operates production at multiple sites, including outsourcing, across multiple countries.

Overseas business, however, are constantly exposed to geopolitical risks such as political and economic conditions, conflict and terrorism, as well as uncertainty regarding laws, regulations and systems. Therefore, unexpected changes in the market or delays in projects, delays in production and shipments may adversely affect the Group's operations and financial positions.

(5) Fluctuations in foreign exchange and interest rates

Fluctuations in foreign currency exchange rates affects the Group's assets, liabilities, and income of overseas subsidiaries. The Group engages in hedging transactions to reduce the impact of foreign exchange fluctuations, but sudden fluctuations in foreign exchange rates may affect the Group's performance and financial position.

(6) Quality of products and services

The Group manufactures or outsources production based on a predetermined level of quality control. A strict quality control system has been established to ensure that anomalies or malfunctions in products are detected before shipments. However, in case anomalies or malfunctions occur in the future, the Group's performance would be affected in the event of a product recall, replacement, or compensation for damages.

(7) Research and development

OSAKI Group is strengthening R&D aimed at heightening product and service competitiveness. While the Group works diligently to collect necessary information in a timely manner for quick decisions, and respond flexibly to changes in the focus areas of technologies, there remains risks of slow response to the technology demand due to delay in development processes and shortages in researchers. The Group also recognizes the risks of the intellectual properties be invaded. Likewise, the Group also recognizes the risks of unintentionally invading a third party's intellectual properties which may cause claims for compensation or legal actions against the Group. In such cases, the Group's financial position is potentially affected.

(8) Sustainability

OSAKI Group recognizes that risks and opportunities related to sustainability is an important management issue. In response, the Group established the Sustainability Promotion Committee to promote a group-wide action to solve material risks and explore opportunities.

However, delays in responding to these risks could affect the Group's medium-to long-term performance.

(9) Risks associated with human resources

OSAKI Group recognizes that to carry out the mid-to-long term business strategies successfully, personnel resources and development is important. The Group recruit personnel freshly out of schools or seasoned personnel while providing various training programs. At the same time, the Group puts in efforts to provide personnel systems that are fair and rewarding and to improve the work environment for all employees.

However, competitive environment in recruitment and a decrease in working population in Japan, may lead to a lack of necessary personnel in carrying out the aforementioned business strategies, affecting the Group's performance as a result.

(10) Risks Associated with Disasters

Natural disasters such as earthquakes and typhoons, and floods, accidents such as fires, infectious diseases and other unpredictable factors may delay or suspend production or shipments for a long period of time and may adversely affect the Group's business operations and financial conditions.

2 Consolidated Financial Statements

2.1 Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	11,857	9,171
Deposits paid	3,546	4,611
Notes and accounts receivable - trade, and contract assets	17,436	20,495
Merchandise and finished goods	6,031	7,775
Work in process	3,165	2,673
Raw materials and supplies	6,911	8,626
Other	3,234	3,778
Allowance for doubtful accounts	(530)	(514)
Total current assets	51,653	56,618
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,253	22,160
Accumulated depreciation	(14,372)	(13,820)
Buildings and structures, net	8,880	8,339
Machinery, equipment and vehicles	15,344	15,993
Accumulated depreciation	(12,346)	(13,152)
Machinery, equipment and vehicles, net	2,998	2,841
Land	12,830	12,090
Leased assets	3,527	3,389
Accumulated depreciation	(1,681)	(1,866)
Leased assets, net	1,845	1,523
Construction in progress	526	74
Other	7,303	7,418
Accumulated depreciation	(6,613)	(6,783)
Other, net	689	634
Total property, plant and equipment	27,770	25,502
Intangible assets	868	735
Investments and other assets		
Investment securities	5,229	5,660
Retirement benefit asset	1,525	1,571
Deferred tax assets	1,372	1,412
Other	2,805	1,770
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	10,930	10,412
Total non-current assets	39,568	36,649
Total assets	91,222	93,268

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,324	8,172
Electronically recorded obligations - operating	2,965	3,799
Short-term borrowings	6,926	2,864
Income taxes payable	502	904
Provision for bonuses	1,656	1,543
Provision for bonuses for directors (and other officers)	48	39
Provision for loss on liquidation of subsidiaries and associates	-	14
Provision for product warranties	473	576
Other	6,604	7,092
Total current liabilities	26,502	25,008
Non-current liabilities		
Long-term borrowings	-	2,642
Lease liabilities	1,612	1,516
Provision for retirement benefits for directors (and other officers)	42	47
Provision for repairs	21	28
Retirement benefit liability	2,479	2,404
Deferred tax liabilities	2,154	2,209
Other	798	781
Total non-current liabilities	7,108	9,630
Total liabilities	33,610	34,638
Net assets		
Shareholders' equity		
Share capital	7,965	7,965
Capital surplus	8,750	8,759
Retained earnings	25,670	26,033
Treasury shares	(487)	(1,254)
Total shareholders' equity	41,900	41,503
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,119	1,423
Foreign currency translation adjustment	1,667	2,510
Remeasurements of defined benefit plans	549	496
Total accumulated other comprehensive income	3,336	4,430
Share acquisition rights	509	466
Non-controlling interests	11,865	12,228
Total net assets	57,611	58,629
Total liabilities and net assets	91,222	93,268

2.2 Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	76,184	89,253
Cost of sales	59,808	71,288
Gross profit	16,375	17,964
Selling, general and administrative expenses	15,097	15,737
Operating profit	1,277	2,226
Non-operating income		
Interest income	21	21
Dividend income	155	229
Gain on sale of investment securities	-	98
Subsidy income	206	46
Other	144	120
Total non-operating income	528	516
Non-operating expenses		
Interest expenses	288	147
Foreign exchange losses	191	586
Other	136	124
Total non-operating expenses	616	858
Ordinary profit	1,189	1,885
Extraordinary income		
Gain on sale of non-current assets	-	327
Gain on sale of shares of subsidiaries and associates	-	1,957
Total extraordinary income	-	2,284
Extraordinary losses		
Impairment losses	74	-
Loss on sale of shares of subsidiaries and associates	-	580
Provision for loss on liquidation of subsidiaries and associates	-	14
Total extraordinary losses	74	595
Profit before income taxes	1,114	3,574
Income taxes - current	952	1,346
Income taxes - deferred	61	25
Total income taxes	1,013	1,371
Profit	100	2,202
Profit attributable to non-controlling interests	759	882
Profit (loss) attributable to owners of parent	(658)	1,319

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	100	2,202
Other comprehensive income		
Valuation difference on available-for-sale securities	131	303
Foreign currency translation adjustment	451	843
Remeasurements of defined benefit plans, net of tax	34	(52)
Total other comprehensive income	617	1,094
Comprehensive income	718	3,296
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(40)	2,413
Comprehensive income attributable to non-controlling interests	759	882

2.3 Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,965	8,750	27,319	(140)	43,895
Cumulative effects of changes in accounting policies			(7)		(7)
Restated balance	7,965	8,750	27,312	(140)	43,888
Changes during period					
Dividends of surplus			(981)		(981)
Profit (loss) attributable to owners of parent			(658)		(658)
Purchase of treasury shares				(406)	(406)
Disposal of treasury shares			(1)	59	58
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(1,641)	(346)	(1,987)
Balance at end of period	7,965	8,750	25,670	(487)	41,900

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	988	1,216	514	2,718	509	11,764	58,887
Cumulative effects of changes in accounting policies							(7)
Restated balance	988	1,216	514	2,718	509	11,764	58,880
Changes during period							
Dividends of surplus							(981)
Profit (loss) attributable to owners of parent							(658)
Purchase of treasury shares							(406)
Disposal of treasury shares							58
Net changes in items other than shareholders' equity	131	451	34	617	-	101	718
Total changes during period	131	451	34	617	-	101	(1,269)
Balance at end of period	1,119	1,667	549	3,336	509	11,865	57,611

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,965	8,750	25,670	(487)	41,900
Changes during period					
Dividends of surplus			(957)		(957)
Profit (loss) attributable to owners of parent			1,319		1,319
Purchase of treasury shares				(847)	(847)
Disposal of treasury shares		8		80	88
Net changes in items other than shareholders' equity					
Total changes during period	-	8	362	(767)	(397)
Balance at end of period	7,965	8,759	26,033	(1,254)	41,503

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,119	1,667	549	3,336	509	11,865	57,611
Changes during period							
Dividends of surplus							(957)
Profit (loss) attributable to owners of parent							1,319
Purchase of treasury shares							(847)
Disposal of treasury shares							88
Net changes in items other than shareholders' equity	303	843	(52)	1,094	(42)	363	1,414
Total changes during period	303	843	(52)	1,094	(42)	363	1,017
Balance at end of period	1,423	2,510	496	4,430	466	12,228	58,629

2.4 Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,114	3,574
Depreciation	2,536	2,587
Impairment losses	74	-
Amortization of goodwill	203	-
Increase (decrease) in allowance for doubtful accounts	31	(44)
Interest and dividend income	(177)	(251)
Interest expenses	288	147
Decrease (increase) in trade receivables	1,240	(3,421)
Decrease (increase) in inventories	353	(2,593)
Increase (decrease) in trade payables	36	1,982
Increase (decrease) in provision for bonuses	115	(71)
Increase (decrease) in provision for product warranties	315	127
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(6)	4
Increase (decrease) in provision for bonuses for directors (and other officers)	22	(10)
Increase (decrease) in retirement benefit liability	133	(75)
Decrease (increase) in retirement benefit asset	(90)	(122)
Increase (decrease) in provision for repairs	7	7
Loss (gain) on sale of non-current assets	(0)	(311)
Loss on retirement of non-current assets	55	37
Loss (gain) on sale of shares of subsidiaries and associates	-	(1,376)
Loss (gain) on sale of investment securities	-	(98)
Other, net	(378)	914
Subtotal	5,874	1,006
Interest and dividends received	179	252
Interest paid	(288)	(147)
Income taxes paid	(1,343)	(851)
Net cash provided by (used in) operating activities	4,422	260
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,444)	(1,443)
Proceeds from sale of property, plant and equipment	7	671
Purchase of intangible assets	(256)	(211)
Proceeds from sale of investment securities	-	99
Proceeds from sale of membership	2	-
Payments for long-term deposits paid	(1,000)	-
Proceeds from long-term deposits	2,500	-
Expenses from derivative transactions	-	(1,396)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	3,638
Other, net	(28)	(7)
Net cash provided by (used in) investing activities	(1,219)	1,349

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(558)	2,812
Proceeds from long-term borrowings	-	2,632
Repayments of long-term borrowings	(10)	(7,909)
Repayments of lease liabilities	(319)	(284)
Purchase of treasury shares	(406)	(847)
Dividends paid	(981)	(957)
Dividends paid to non-controlling interests	(658)	(528)
Proceeds from share issuance to non-controlling shareholders	-	10
Other, net	-	0
Net cash provided by (used in) financing activities	(2,934)	(5,072)
Effect of exchange rate change on cash and cash equivalents	411	845
Net increase (decrease) in cash and cash equivalents	680	(2,616)
Cash and cash equivalents at beginning of period	14,654	15,335
Cash and cash equivalents at end of period	15,335	12,718

2.5 Notes to Consolidated Financial Statements

(Business Segments)

Fiscal year ended Mar 31, 2022

(Millions of yen)

	Reportable Segments					Adjustment (Remarks1)	Consolidated
	Smart meters & solutions in Japan	Smart meters & solutions overseas	Production equipment	Real estate	Total		
Sales to Customers	45,983	29,095	657	448	76,184	—	76,184
Intersegment Sales	23	972	35	105	1,137	(1,137)	—
Total Sales	46,006	30,068	692	553	77,321	(1,137)	76,184
Operating Income	1,225	58	△282	271	2,675	4	1,277

(Remarks)

1. The operating income is adjusted by the elimination of the intersegment transaction.
2. For the Smart meters & solutions in Japan Business, an impairment loss of fixed assets of 74 million yen are recognized and booked as an extraordinary loss.

Fiscal year ended Mar 31, 2023

(Millions of yen)

	Reportable Segments					Adjustment (Remarks1)	Consolidated
	Smart meters & solutions in Japan	Smart meters & solutions overseas	Production equipment	Real estate	Total		
Sales to Customers	54,406	33,620	759	466	89,253	—	89,253
Intersegment Sales	21	992	1	105	1,121	(1,121)	—
Total sales	54,427	34,613	761	571	90,374	(1,121)	89,253
Operating Income	3,816	△1,886	9	295	2,234	(7)	2,226

(Remarks)

1. The operating income is adjusted by the elimination of the intersegment transaction.

(Per Share Information)

	Fiscal year ended Mar 31, 2022	Fiscal year ended Mar 31, 2023
Net assets per share	¥936.60	¥981.44
Basic earnings / loss per share	¥(13.42)	¥27.86
Diluted earnings per share	—	¥27.41

(Remarks)

1. Diluted earnings per share for previous consolidated fiscal year ended 31 Mar 2022 is not stated due to loss per share although there are dilutive shares.
2. The followings are basis of calculation of basic earnings/loss per share and diluted earnings per share.

	Fiscal year ended Mar 31, 2022	Fiscal year ended Mar 31, 2023
Profit/loss attributable to owners of parent (millions of yen)	(658)	1,319
Amount non-attributable to common stockholder (millions of yen)	—	—
Profit/loss attributable to owners of parent for common share (millions of yen)	(658)	1,319
Average number of shares during the period of common share (thousands of shares)	49,040	47,374
Profit adjustment attributable to owners of parent used to calculate the diluted earnings per share (millions of yen)	—	—
Number of increase common share used to calculate the diluted earnings per share (thousands of shares)		
Stock compensation type share acquisition rights	—	780
Overview of dilutive share excluded from the calculation of diluted earnings per share due to non-dilutive effect	—	—

*This document is a translation of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

***Forward-Looking Statements**

Forward-looking statements made in this material is based on management's estimates, assumptions and projections at the time of publication and do not represent a commitment that they will be achieved. A number of factors could cause actual results to differ materially from expectations.

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