



February 4, 2020

OSAKI ELECTRIC Co., Ltd.

Yoshihide Watanabe, Chairman and CEO

Stock Code: 6644

Notice re Transition to Holding Company Structure

TOKYO, February 4, 2020 - OSAKI ELECTRIC, a leading Japanese smart meter company (the “Company”), has announced its plan to become a holding company. At its board of directors’ meeting held today, the Company resolved to transition to a holding company structure through a company split on October 1, 2020 (scheduled) and establish a wholly-owned subsidiary in preparation thereof.

The company split will be implemented provided that the related resolutions are approved at the annual general meeting of shareholders (scheduled to be held in late June 2020), and all approvals, permits or licenses related to the transition, if necessary, are granted by the supervisory authorities.

1. Background and Purpose of Transition

The market conditions and business environment surrounding the Company and its group companies have entered a period of significant reforms. In Japan, while business conditions remain severe with a downturn in demand for smart meters, the Company reinforces its solution services for optimal power consumption and expanding new businesses. The Company further invests in the development of new value-added products and services in preparing to attain replacement demand for new-generation smart meters expected from the fiscal year ending March 2025.

Outside of Japan, the Company expects strong growth overall, with higher sales and profits from Australia and developing countries and business expansions including the smart meter project in the UK.

Under these business conditions, the Company has determined that transitioning to a holding company structure is the most appropriate response to rapid business growth in the global market considering the following points:

① Strong Group Management Strategic Functions

The holding company will focus on group management to maximize the corporate value of our group by planning management strategies for current and new businesses in and outside of Japan, and allocating and effectively using management resources.

② Clear Authority and Responsibility for Faster Decision Making

The holding company structure will divide management functions and business operations by organization. The structure clarifies the levels of authority and responsibilities carried out by each organization and enables faster decision-making to build a competitive edge.

2. Method of Company Split

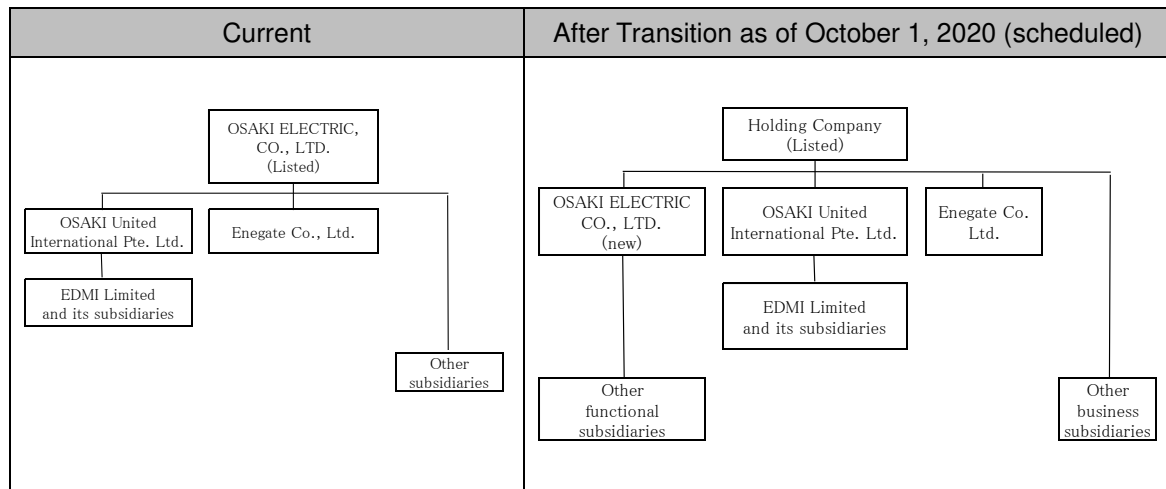
The Company will establish a wholly-owned subsidiary (the “Subsidiary”) to prepare for the company split. Subsequently, we will implement an absorption-type company split in which the Company is the splitting company, and the Subsidiary becomes the successor company. By using this method, the Company will remain listed on the first section of the Tokyo Stock Exchange (Code: 6644) while transitioning to the holding company structure.

3. Schedule of Company Split

Board of Directors’ Meeting to Approve Establishment of Subsidiary	February 4, 2020
Establishment of Subsidiary	April 2020 (scheduled)
Board of Directors’ Meeting to Approve Company Split	Early May 2020 (scheduled)
General Meeting of Shareholders to Approve Company Split	Late June 2020 (scheduled)
Effective Date of Company Split	October 1, 2020 (scheduled)

*The new company name, capital and other details will be determined at the board of directors’ meeting to be held to approve the company split in early May 2020, and publicly announced.

4. Overview of Holding Company Structure



5. Future Outlook

The company to succeed businesses through the company split is a wholly-owned subsidiary of the Company. Therefore, no material impact is expected on the consolidated financial performance of the Company.