



August 25, 2022

Company name: Osaki Electric Co., Ltd.
 Representative: Chairman and CEO
 Yoshihide Watanabe
 (Code: 6644, TSE Prime Market)
 Contact: Director and Managing Executive Officer
 Head of Corporate Strategy Division
 Ryuichi Ueno

Notice of Transfer of Shares in a Consolidated Subsidiary, Recording Extraordinary Loss (Consolidated)
 and Extraordinary Income (Non-consolidated), and Revision of Financial Forecasts

Osaki Electric Co., Ltd. (Tokyo, hereinafter “Osaki” or “the Company”) announces that at the meeting of the Board of Directors held on August 25, 2022, the Company resolved to transfer all of the shares of Osaki Engineering Co., Ltd. (hereinafter "Osaki Engineering"), a consolidated subsidiary of Osaki, to Hagiwara Electric Holdings Co., Ltd. (hereinafter “Hagiwara”). Accordingly, Osaki Engineering will be out of the Osaki’s scope of consolidation, and Osaki plans to record consolidated extraordinary loss and non-consolidated extraordinary income in the six months ending September 30, 2022. Osaki also revised the consolidated financial forecasts for the fiscal year ending March 2023, which were previously announced on May 12, 2022. Details are as follows.

1. Reason of the stock transfer

Osaki Engineering was established as a venture investment business in 1990 and has been developing manufacturing equipment, such as sensor devices and high-performance device-related equipment, with fine-pitch bonding technologies as its core strengths.

Manufacturing equipment market is expanding due to a ramp up in manufacturing of semiconductors and the electrification of vehicles. In order to expand this business in the future, it is important to strengthen business operations and make ongoing investments. Amid the lack of synergies within the Group, we recognized the technological and product capabilities that Osaki Engineering has accumulated, and decided to transfer the business to Hagiwara, which can make maximum use of these strengths, are best for the sustainable growth of Osaki Engineering.

The cash generated from the share transfer will be effectively used to grow the smart meters & solutions business, which is the Group's core business.

2. Outline of the subsidiary to be sold

(1) Name	Osaki Engineering Co., Ltd.
(2) Address	326, Sayamagahara, Iruma-shi, Saitama, Japan
(3) Title and name of representative	President, Ken Yamauchi
(4) Business	Sensor and high-function device related equipment, Energy-related manufacturing equipment, Flat panel display module assemble related equipment, and other manufacturing equipment
(5) Capital	484 million yen

(6) Established	April 26, 1990		
(7) Major shareholder and its shareholding	Osaki Electric Co., Ltd. 100%		
(8) Relationships between Osaki and Osaki Engineering	Capital relationship	As stated in (7) above, Osaki owns a 100% stake in Osaki Engineering.	
	Human resource relationship	One director and one corporate auditor of the relevant company are also our officers and employees.	
	Business relationship	Osaki has borrowings from Osaki Engineering. Osaki also guarantees for electronically recorded obligations.	
(9) Consolidated operating results and financial position for the past three years			
Fiscal year end	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022
Net assets	2,891 million yen	2,601 million yen	2,325 million yen
Total assets	3,204 million yen	2,827 million yen	2,814 million yen
Net assets per share	559.69 yen	503.42 yen	450.02 yen
Net sales	1,335 million yen	960 million yen	692 million yen
Operating income	(84) million yen	(264) million yen	(282) million yen
Ordinary income	(79) million yen	(256) million yen	(273) million yen
Net income	(83) million yen	(290) million yen	(275) million yen
Net income per share	(16.12) yen	(56.27) yen	(53.40) yen
Dividend per share	—	—	—

3. Outline of the transferee

(1) Name	Hagiwara Electric Holdings Co., Ltd.
(2) Address	2-2-1 Higashi Sakura, Higashi-ku, Nagoya-shi, Aichi, Japan
(3) Title and name of representative	President and Representative Director, Moritaka Kimura
(4) Business	Formulating and managing business strategies for group companies which sells electronic devices and electronic equipment, and manufactures and sells FA equipment
(5) Capital	4,361 million yen (as of March 31, 2022)
(6) Established	December 20, 1958
(7) Consolidated net assets	39,369 million yen (as of March 31, 2022)
(8) Consolidated total assets	82,482 million yen (as of March 31, 2022)

(9) Major shareholders and their shareholding ratio (as of March 31, 2022)	The Master Trust Bank of Japan, Ltd. (trust account) 10.79% Custody Bank of Japan, Ltd. (trust account) 6.46% STANY Co., Ltd. 5.60% BBH FOR FIDELITY PURITAN TR: FIDELITY SR INTRINSIC OPPORTUNITIES FUND 3.95% Tomoaki Hagiwara 3.83% MUFG Bank, Ltd. 2.63% Nagoya Small and Medium Business Investment & Consultation Co., Ltd 2.60% HAGIWARA FOUNDATION OF JAPAN 2.60% Employees' Stockholding 2.20% Sumitomo Mitsui Trust Bank, Limited 2.01%	
(10) Relationships between Osaki and Hagiwara	Capital relationship	Not applicable
	Human resource relationship	Not applicable
	Business relationship	Not applicable
	Related party or not	Hagiwara is not a related party of Osaki. No persons concerned with or affiliates of Hagiwara are related parties of Osaki.

4. Number of shares to be transferred, transfer price, and number of shares held before and after the transfer

(1) Number of shares held before the transfer	5,167,120 shares (Number of voting rights: 51,671) (Ratio of voting rights owned: 100%)
(2) Number of shares to be transferred	5,167,120 shares (Number of voting rights: 51,671) (Transfer price: 1.76 billion yen)
(3) Number of shares held after the transfer	0 share (Number of voting rights: 0) (Ratio of voting rights owned: 0%)

5. Schedule

(1) Resolution of Board of Directors	August 25, 2022
(2) Conclusion of agreement	August 25, 2022
(3) Stock transfer	September 30, 2022 (planned)

6. Impact on Profit and Loss

Osaki plans to record extraordinary income and loss in the following amounts for the six months ending September 30, 2022 (*).

Consolidated: Loss on sales of shares of subsidiaries and affiliates
in the amount of 0.58 billion yen

Non-consolidated: Income on sales of shares of subsidiaries and affiliates
in the amount of 1.63 billion yen

*Actual figures may differ from estimates due to future factors.

7. Revision of Financial Forecasts

The consolidated financial forecasts for the six months ending September 30, 2022 and the full year ending March 31, 2023, which were previously announced on May 12, 2022, have been revised as follows, considering the impact of the above share transfer. The Company is currently assessing the ongoing operations and business environment, and will make additional changes to its financial forecasts as necessary and disclose the changes immediately.

Revision of consolidated financial results forecast for the six months ending September 30, 2022

(from April 1, 2022 to September 30, 2022)

	Net Sales (Million yen)	Operating Income (Million yen)	Ordinary Income (Million yen)	Net Income Attributable to Owners of Parent (Million yen)	Net Income Attributable to Owners of Parent per Share (Yen)
Previous Forecasts (A)	39,000	(200)	(150)	1,300	27.59
Revised Forecasts (B)	39,000	(200)	(150)	720	15.28
Change (B-A)	—	—	—	(580)	
Rate of Change (%)	—	—	—	(44.6)	
(Reference) Results for the first half of fiscal year 2021	36,087	461	531	(236)	(4.83)

Revision of consolidated financial results forecast for the fiscal year 2022

(from April 1, 2022 to March 31, 2023)

	Net Sales (Million yen)	Operating Income (Million yen)	Ordinary Income (Million yen)	Net Income Attributable to Owners of Parent (Million yen)	Net Income Attributable to Owners of Parent per Share (Yen)
Previous Forecasts (A)	80,000	1,000	1,100	1,500	31.96
Revised Forecasts (B)	80,000	1,000	1,100	920	19.60
Change (B-A)	—	—	—	(580)	
Rate of Change (%)	—	—	—	(38.7)	
(Reference) Results of the previous fiscal year ended March 31, 2022	76,184	1,277	1,189	(658)	(13.42)

- The forecast figures shown in this document are based on information available at the time of preparation and actual figures may differ from the forecast figures due to various factors.

End of notice