

An aerial, wide-angle photograph of a city, likely Singapore, with a blue color cast. The image is framed by a large white circular cutout in the center. The city features a mix of modern high-rise buildings and green spaces. The overall aesthetic is clean and futuristic.

OSAKI Group Integrated Report

2022

 OSAKI

Global Energy Solution Leader

Providing tomorrow's energy solution for a better society

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●Reporting Period
April 1, 2021 to March 31, 2022
* It also contains some latest initiatives and policies to provide updated information.

●Editing Policy
OSAKI Group Integrated Report 2022 serves to provide our shareholders, investors, and other stakeholders with a clear overview of our Group's initiatives for sustainable growth. The Integrated 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 Integrated Report 2022 contains forward-looking statements such as the future business performance of the 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 Integrated Report, OSAKI ELECTRIC Co., Ltd. is written as OSAKI ELECTRIC or the Company, and OSAKI ELECTRIC Group as OSAKI, the OSAKI Group or the Group.

Chapter 1

The OSAKI Group's Value Creation



First-floor entrance at OSAKI ELECTRIC's headquarters



Y. Watanabe

Yoshihide Watanabe
Chairman and CEO

Messages 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.

While capturing the top position in Japan for smart meters, we welcomed EDM I Limited, a global manufacturer of smart meters, to the OSAKI Group in 2012 as we accelerate our global expansion. As of December 2022, the OSAKI Group operates in more than 100 countries and regions, including Japan, Oceania, Europe, and various emerging countries.

The OSAKI Group's corporate vision is to be a "Global Energy Solution Leader" that takes on social challenges related to energy. We will bring together the Group's power measurement and control technology and our global business network to provide solutions for climate change and decarbonisation, which are major issues facing the international community.

In closing, we ask for your continued understanding and support.

OSAKI Group Vision

Global Energy Solution Leader

Top Message



A Solution Company That Solves Energy-Related Challenges with Power Measurement and Control Technology

As the COVID-19 pandemic, which has had such a major impact on the world, gradually settles down, economic activity is recovering. At the same time, the business environment in which the OSAKI Group operates is undergoing major changes, due to, for example, rising geopolitical risks brought on by Russia's invasion of Ukraine, rising interest rates and prices, global shortages of parts, and exchange rate fluctuations.

In such an environment, it is important for us to respond flexibly to changes and continue to provide added value. So far, we have been expanding our business centered on smart meters that measure electricity usage.

However, climate change has become a major social issue, and while the function of our smart meters themselves has not changed significantly, their role is changing. Until recently, their primary use has been to bill for electricity usage, now they are also being used to provide CO₂ emission data to promote decarbonisation.

All-Important Decarbonisation Initiatives

Decarbonisation is a major issue for the international community within the energy environment and one of the Sustainable Development Goals (SDGs). As such, the OSAKI Group recognises decarbonisation as its top management priority and is strengthening its promotion of the energy solution business towards this goal.

The OSAKI Group utilises its strength, namely electricity usage measurement technology, to collect data on when,

where, how much, and in what way the CO₂-emitting electricity is used. This data plays a key role in considering measures for decarbonisation.

By concentrating and utilising the Group's technologies and know-how and promoting research and development, we will contribute to improving efficient energy use throughout the entire global community while also promoting activities for decarbonisation at our own bases.

Creating New Added-Value Together with Business Partners

OSAKI ELECTRIC established the open innovation laboratory "NEXT 100teX Lab," where we are pushing ahead with new value creation via collaboration with various university laboratories, local governments, and venture companies.

Through these partnerships, we will continue efforts to create new businesses for the realisation of a bountiful earth and enriched society.

Building a Workplace That Respects Human Rights and Recognises Each Other's Differences

To ensure that the OSAKI Group achieves sustainable growth as a "Global Energy Solution Leader," I believe it is important to create a corporate culture that takes ownership of environmental conservation and social issues and takes on the challenge of resolving these issues. In addition, I would like to foster a corporate culture in which all employees act spontaneously towards the realisation of a sustainable society.

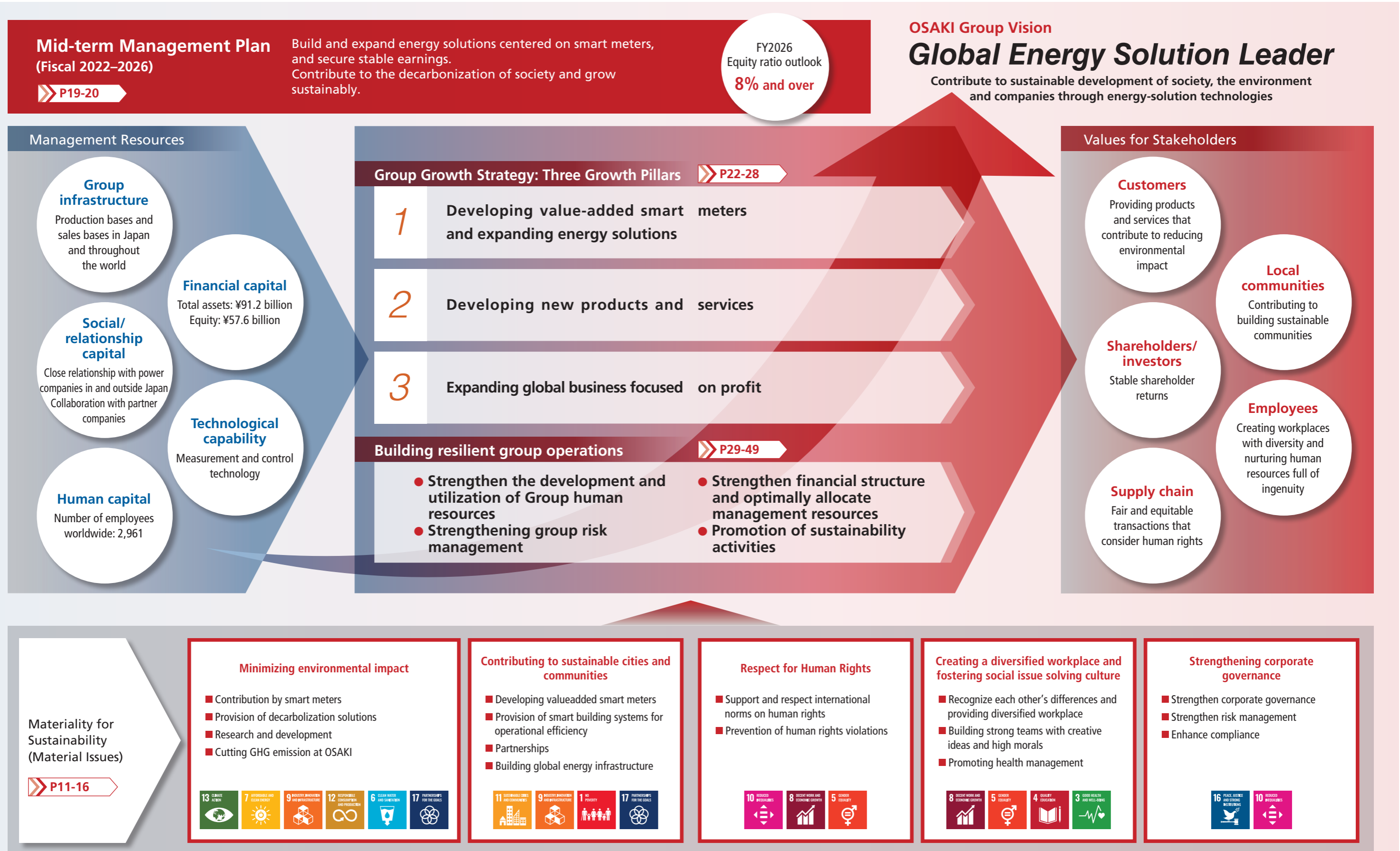
Accordingly, we are stepping up our investment in human resources, and as part of this effort, decided to launch a Sustainable Development Goals (SDGs) education program for our employees. This program will help all employees understand SDGs and efforts to achieve sustainable society, thereby laying the groundwork for their own active promotion of SDGs.

To become a global company needed by society 100 years from now, the OSAKI Group is committed to contributing to the creation of an enriched future by continuing to grow and evolve with society.

We ask for and appreciate your kind support.

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

Value Creation Process



Materiality for Sustainability

Group's Direction for Sustainability

With a vision to become a "Global Energy Solution Leader," the OSAKI Group will contribute to sustainable development of society and conserving the environment through its

energy-solution technologies by collaborative efforts with its stakeholders, and pursue its own sustainable growth.

Materiality for Sustainability

Taking diversifying social issues and the Group's business characteristics into account, the OSAKI Group has identified material issues that it will prioritise. By strengthening

business activities in its areas of priority, we aim to realise a sustainable society and achieve stable growth for the Group.

1. Minimise environmental impact

The OSAKI Group develops and deploys products and services that will minimise negative impact on the environment. We are also committed to take measures to reduce the impact to the environment through our business activities.



■ Contribution by smart meters

Smart meters are important infrastructure equipment with data collection and control functions and being installed all over the world. The OSAKI Group contributes to improving energy efficiency by providing technologies for measuring and controlling through smart meters worldwide.



■ Promoting solutions to support decarbonisation

Utilising O-SOL, total solutions including energy management systems (EMS) and smart metering systems (SMS), we will contribute to reducing the environmental impact of society by visualisation of CO₂ emissions, support for the planning of CO₂ reduction plans, and implementation of plans to reduce CO₂ emissions.

■ Promotion of research and development

The Research and Development Center in Japan pursues development of smart meters that contribute to more efficient use of electricity in society. The Group also collaborates with other organisations actively through open innovation to contribute to decarbonisation.

Furthermore, we are developing total solution services in Oceania that combine smart meters and head-end systems for better energy consumption efficiency. We aim to deliver the total solution services to other regions in the future.

■ Reducing greenhouse gas emissions at manufacturing sites

We promote the reduction of greenhouse gases emitted particularly at manufacturing sites in and out of Japan. We declared our commitment and support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We will strengthen our organisational framework to follow the financial disclosure guidelines recommended by the TCFD recommendations.



2. Contributing to sustainable cities and communities



Towards contributing to sustainable cities and communities in Japan, we are addressing particularly the issues related to labour shortages due to the declining birth rate and aging population, and building disaster-resilient cities. Overseas, we recognise the stable supply of electricity as issues to address and we are committed to building the basic power infrastructure worldwide by delivering smart meters. The OSAKI Group provides solutions to sustainable cities and communities through products and services based on its measuring and controlling technologies.

■ Creating value-added smart meters

Smart meters are equipped with reliable communication protocols and are remotely operable, which enable smooth power recovery. These functions can be applied in the event of a disaster, such as prevention of electrical fires and spotting locations of power outages. We are working to develop smart meters to create new added value.

■ Promoting smart building systems to realise labour-saving operations

We will contribute to the realisation of a sustainable society by introducing systems that contribute to the efficiency of facility management operations (facility inspections and facility security) by improving the level of service, in addition to operational efficiency improvements, such as the automated meter reading system (improving the efficiency of tenant meter reading) and support for the preparation of reports on environmental laws and regulations, which we have been developing in the past.

■ Cooperating with partners

OSAKI ELECTRIC launched NEXT 100teX Lab, an open laboratory, to promote collaboration across industries, university laboratories, local governments, and ventures. Together with our partners, we aim to create new solutions based on our development technologies for electric power measurement and control equipment with an aim to realise sustainable cities and communities.

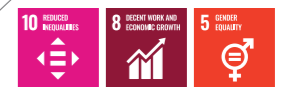


■ Contributing to global power infrastructure

EDMI, a subsidiary of OSAKI ELECTRIC, is expanding its business globally, including in Oceania and Europe as well as in Asia and the Middle East. We will further expand our solutions services for smart meters and software, and contribute to the stable and efficient supply of electricity worldwide.



3. Respect for human rights



The OSAKI Group is committed to ensuring that we do not violate human rights and that we are not complicit in the violation of human rights through our group or our supply chains. We support and respect international codes of human rights, including the United Nations International Bill of Human Rights, the United Nations Global Compact, and the ILO Declaration on Fundamental Principles and Rights at Work.

The Group states in "OSAKI Group's Charter of Corporate Behavior" that the Group shall "conduct business that respects the human rights of all persons and take no part in any discriminatory action at all phases of our businesses." We conduct employee training and seminars on human rights, while conducting surveys of our business partners on human rights. In addition, we declared the statement on Modern Slavery acts in the United Kingdom and Australia, and work to prevent human rights infringement.

Materiality for sustainability

4. Creating a diversified workplace and developing human resources who will contribute to addressing social issues



The OSAKI Group emphasises the education of its employees for the development of a corporate culture where all employees have high moral standards for environmental conservation and social issues and are actively pursuing solutions for these issues. We are committed to providing a secure and safe work environment where diversity is mutually recognised and all employees can work to their fullest capabilities.

■ Establishment of a workplace environment that recognises and accepts differences

We promote the development of workplace environments and organisations so that employees with diverse attributes, values, and ideas can work comfortably and safely. We believe that the active participation by a diverse workforce contributes to the flexible resolution of important issues. In Japan, we are focusing on establishing a flexible work system where employees can choose various work styles according to their lifestyles and life events. Overseas, while diversity in workplaces is permeated, we are striving to elevate the quality of the work environment.

■ Cultivating corporate culture with rich ideas and high morals

We encourage employees to gain a variety of experience and knowledge so that they can respond flexibly and conceptually to changes and issues in society. In Japan, we provide opportunities for employees to step up in their career and gain new challenges and experience. We support employees' autonomous career advancement through a variety of training programs and job rotations. At the same time, employees are provided with flexible work styles and a unique leave system. Overseas, as our headquarters is based in Singapore and there are subsidiaries in Australia, UK, Malaysia, and other countries, we respect cultural diversity, and provide a work environment where highly specialised professionals in such areas as sales, R&D, operations, and administrative can demonstrate their capabilities. We are also working to invigorate intra-group communication to strengthen cooperation among different divisions.

■ Promoting health management

OSAKI ELECTRIC promotes health and productivity management by acquiring certification as an Excellent Health and Productivity Management Corporation (Large Corporate Group). We conduct ongoing activities, such as holding health seminars for employees and endorsing each project, such as the "Action for Companies Promoting Countermeasures against Cancer."



5. Strengthening corporate governance



In order to fulfil its responsibilities to stakeholders based on its corporate philosophy, the OSAKI Group strives to strengthen its Group management foundation and aims for sustainable growth.

■ Corporate governance

We recognise that strengthening corporate governance is an important management issue in maximising sustainable corporate value. We continue to make fair management judgment to further increase management efficiency and transparency.

■ Risk management

In ensuring the sustainable development of our business, we prevent and mitigate risks, and promote risk management to minimise damage from crises and ensure rapid recovery.

■ Compliance

To strengthen the governance system, the Group recognises the importance of all employees to comply with laws and regulations and act with a high sense of ethics. To ensure that all employees are aware of their actions, the OSAKI Group promotes and provides compliance manuals and a group helpline system.

Identification of Key Issues and PDCA (Plan-Do-Check-Act) Processes

STEP 1 Selection of social issues

We selected social issues that we should address from the perspectives of importance to the Group and high societal demands based on the Sustainable Development Goals (SDGs).

STEP 2 Identification of material issues

Of the social issues selected, we identified material issues that we should prioritise based on our strategies in the Mid-term Management Plan.

Developing value-added smart meters and expanding energy solutions	Developing new products and services	Expanding global business focused on profit	Building resilient group operations
<p>1. Minimise environmental impact</p> <ul style="list-style-type: none"> Contributions by smart meters Promoting solutions to support decarbonisation Promotion of R&D <p>2. Contributing to sustainable cities and communities</p> <ul style="list-style-type: none"> Creating value-added smart meters 	<p>2. Contributing to sustainable cities and communities</p> <ul style="list-style-type: none"> Promoting smart building systems to realise labour-saving operations Cooperating with partners 	<p>2. Contributing to sustainable cities and communities</p> <ul style="list-style-type: none"> Contributing to global power infrastructure 	<p>3. Respect for human rights</p> <p>4. Creating a diversified workplace and fostering social issue-solving culture</p> <ul style="list-style-type: none"> Establishment of a workplace environment that recognises and accepts differences Cultivating corporate culture with rich ideas and high morals Promoting health management <p>5. Strengthening corporate governance</p> <ul style="list-style-type: none"> Corporate governance Risk management Compliance

STEP 3 Validation and approval

OSAKI ELECTRIC's Board of Directors has discussed and approved the selection of social issues and identification of material issues.

STEP 4 PDCA management review

The Board of Directors monitors the progress and makes necessary adjustments to the Basic Sustainability Policy based on trends in social issues and changes in the business environment.

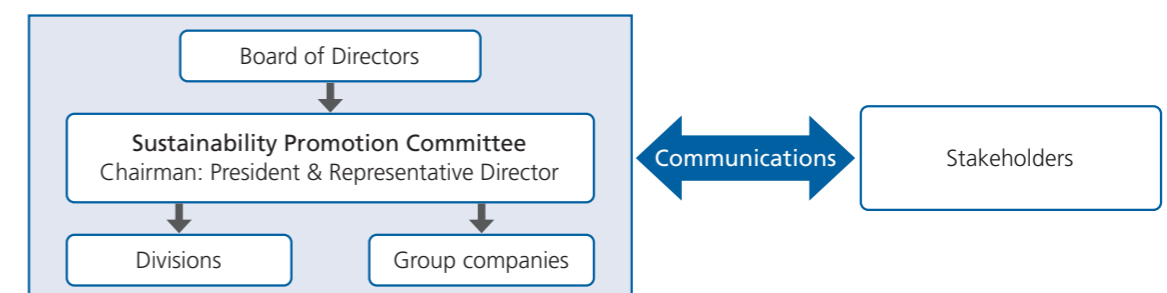
Structure to Promote

The OSAKI Group promotes all sustainability-related activities through the Sustainability Promotion Committee, chaired by the President and Representative Director.

The Committee and the Secretariat are composed of members appointed by the Chairman, and the Committee promotes and evaluates the Group's sustainability initia-

tives. The content of the Committee's deliberations is reported to the Board of Directors as appropriate, and reflected to the group management policy.

Our group's current sustainability promotion structure is described in below.



Materiality Goals

The OSAKI Group recognizes that responding to challenges against sustainability is one of its most important management issues that not only threatens corporate identity, but also expands profit opportunities.

The OSAKI Group Materiality Goals

We set materiality goals to prioritize our challenges in providing solutions to social issues related to energy

through our operations, and continue to be an active member of sustainable society.

1. Minimizing Environmental Impact

4. Creating a diversified workplace and fostering social issue solving culture

2. Contributing to sustainable cities and communities

5. Strengthening corporate governance

3. Respect for Human Rights

1. Minimizing Environmental Impact

Mid-term plan growth strategy: Developing value-added smart meters and expanding energy solutions

Material Issues	Social Issues	SDGs Goals	Scope	2030 Goals
Contribution by smart meters	Efficient use of energy		Group	Provide smart meters contribute to an efficient and stable supply of various types of energy such as renewable energy or carbon neutral fuels
	Improving energy efficiency		Group	
Provision of decarbonization solutions	Cut down GHG emission		OSAKI ELECTRIC	Provide decarbonization solutions to transform buildings and factories into eco-friendly facilities
	Actively form partnerships		OSAKI ELECTRIC	Develop a new service for decarbonization with partners
Research and development	Improving energy efficiency		Group	<ul style="list-style-type: none"> Develop Smart meters contributing to an efficient and stable supply of various types of energy Develop decarbonization solutions for greener effects
	Develop sustainable infrastructure		Group	
	Develop green technologies		Group	
Cutting GHG emission at OSAKI	Cut down GHG emission		Group	Cut GHG emission by 46% (compared to FY2013)
	Using renewable energy		OSAKI ELECTRIC	More than 99.5% recycle at the Saitama R&D and Manufacturing Center
	Efficient consumption of natural resources		OSAKI ELECTRIC	
	Improving water quality		OSAKI ELECTRIC	Control water quality through operations for greener effects

2. Contributing to sustainable cities and communities

Mid-term plan growth strategy: Developing value-added smart meters and expanding energy solutions / Developing new products and services / Expanding Global Business

Material Issues	Social Issues	SDGs Goals	Scope	2030 Goals
Developing value-added smart meters	Ensure access for basic infrastructure services in urban areas		Group	Contribute to building efficient and resilient power infrastructure by smart meters
	Build resilient cities against natural disasters		Group	
	Realize sustainable cities		Group	

Material Issues	Social Issues	SDGs Goals	Scope	2030 Goals
Provision of smart building systems for operational efficiency	Realize sustainable cities		OSAKI ELECTRIC	Provide facility maintenance services to support cities respond to a decrease in work population and maintaining living properties
Partnerships	Realize sustainable cities		OSAKI ELECTRIC	Create new businesses and technologies with partners
	Actively form partnerships		OSAKI ELECTRIC	
	Develop sustainable infrastructure		OSAKI ELECTRIC	
Building global energy infrastructure	Build sustainable power infrastructure globally		EDMI Group	Contribute to building a stable and efficient power infrastructure worldwide by providing smart meters
	Ensure access for resilient infrastructure with a focus on protecting the poor and people in vulnerable situations		EDMI Group	

3. Respect for Human Rights

Mid-term plan growth strategy: Building resilient group operations (Managing group risks)

Material Issues	Social Issues	SDGs Goals	Scope	2030 Goals
Respect for Human Rights	Abolish discriminatory laws, regulations, policies, and practices		Group	Build a framework to prevent any act or practice that violates human rights in the OSAKI Group and its supply chain
	Eradication of forced labor and child labor		Group	
	Ensure gender equality		Group	

4. Creating a diversified workplace and fostering social issue solving culture

Mid-term plan growth strategy: Building resilient group operations (Building strong teams)

Material Issues	Social Issues	SDGs Goals	Scope	2030 Goals
Providing diversified workplace	Respect differences		in Japan	<ul style="list-style-type: none"> Provide a work environment and regulations to ensure that every employee is accepted, safe and well motivated at work Keep a no-accident workplace
	Provide rewarding work experience		in Japan	
	Ensure gender equality		OSAKI ELECTRIC	<ul style="list-style-type: none"> More than one member of female Board of Directors 30% or more female employees
Building strong teams	Build strong teams		OSAKI ELECTRIC	<ul style="list-style-type: none"> Reinforce human resource development to build a flexible and creative organization in responding to changes in society Provide SDGs educational programs and certificates unique to OSAKI (All employees are to be certified in the programs)
	Provide high-quality education to all		OSAKI ELECTRIC	
Promoting health management	Provide rewarding work experience		OSAKI ELECTRIC	Provide healthy work environment, both physically and mentally
	Ensure healthy work life		OSAKI ELECTRIC	<ul style="list-style-type: none"> 100% secondary medical check-up rate 0% smoking rate

5. Strengthening corporate governance

Mid-term plan growth strategy: Building resilient group operations (Strengthen risk management)

Material Issues	Social Issues	SDGs Goals	Scope	2030 Goals
Strengthen corporate governance	Strengthen governance framework		Group	Continue to strengthen corporate governance
Strengthen risk management	Strengthen governance framework		Group	Ensure risk management
Enhance compliance	Promote fair policy		Group	<ul style="list-style-type: none"> Ensure compliance Aim for a zero-occurrence of compliance case
	Abolish discriminatory laws, regulations, policies, and practices		Group	

Financial and Non-financial Highlights (Year ended 31st March 2022)

Net sales

¥ **76,184** million
YoY -0.1% ↓

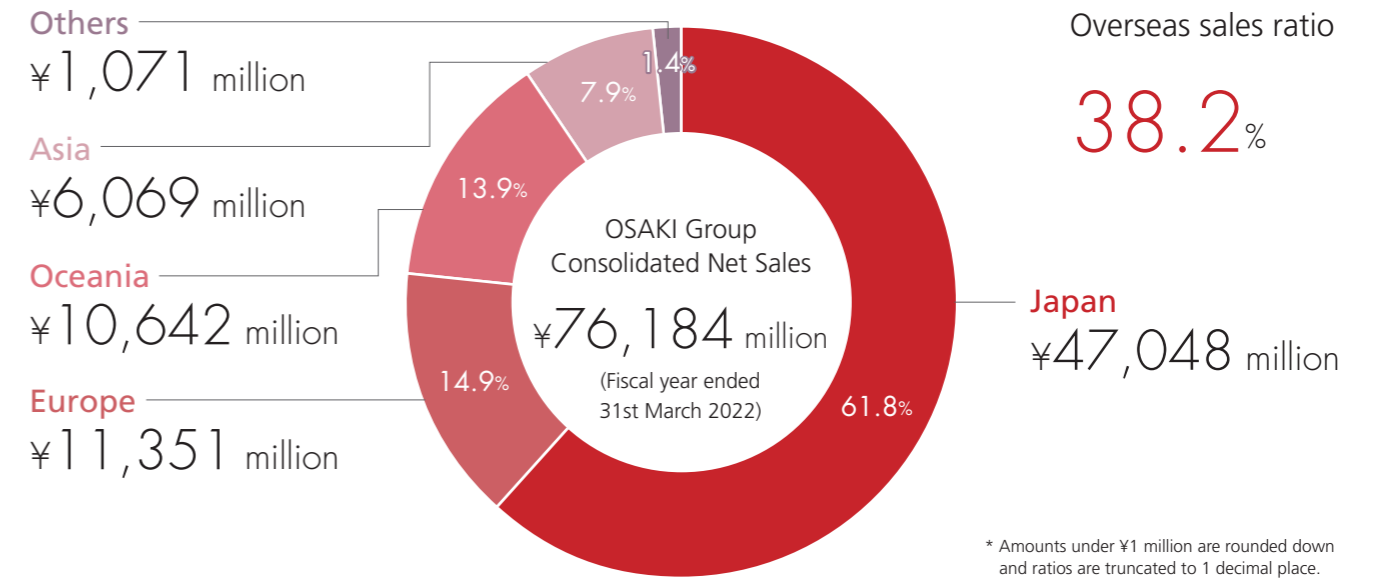
Overseas sales increased compared to the previous year, which was impacted by the Covid-19 pandemic, but sales in Japan were flat due to lower sales of smart meters and smart locks.

Operating income

¥ **1,277** million
YoY -52.4% ↓

Overseas profits increased due to higher sales, but in Japan profits were depressed by lower sales and higher raw material costs.

Sales by region



Profit attributable to owners of parent

¥ **-658** million
¥482 million for the year ended 31st March 2021

A loss was incurred due to the decline in operating income.

Net income per share

¥ **-13.42**
¥9.84 for the year ended 31st March 2021

A loss was incurred due to the decline in operating income.

Net assets

¥ **57,611** million
YoY -2.2% ↓

Decreased due to implementation of shareholder return policy (dividend payments and share buybacks).

Net assets per share

¥ **936.60**
YoY ¥ -13.77 ↓

Decreased due to decrease in net assets.

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

2,961 / **33** nations

Ratio of female employees

OSAKI ELECTRIC: **19%**
EDMI: **39%**

Return on equity (ROE)

-1.4%
1.0% as of the end of the previous fiscal year

Declined corresponding to decrease in profit attributable to owners of parents.

Equity ratio

49.6%
YoY -1.6 percentage points ↓

Decreased due to implementation of shareholder return policy (dividend payments and share buybacks).

Number of employees who took childcare leave (OSAKI ELECTRIC)

7
(Three of whom are male employees)

Average rate of annual paid leave taken (OSAKI ELECTRIC)

66%

Mid-term Management Plan (Fiscal 2022–2026)

In May 2019, we announced our medium-term growth strategy for the OSAKI Group as a five-year Mid-term Management Plan. We intend to review the numerical targets of the Mid-term Management Plan every year and make revisions accordingly.

Management Policies

The OSAKI Group's corporate vision is to be a "Global Energy Solution Leader" that takes on social challenges related to energy. The Group strives to create new value

throughout the world and achieve sustainable growth through our energy solutions aimed at combatting climate change and realising decarbonisation.

Business Outlook

The Group promotes strategies based on its business portfolio so that it can respond to changes in the business environment and achieve sustainable growth. The basic policy of the business portfolio strategy is to divide the business segment into sub-segments, conduct PDCA management at the Board of Directors and reflect it in the

resource allocation in the Mid-term Management Plan. The following are the numerical targets of the Mid-term Management Plan announced in May 2022 (for the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2027).

(¥ billion)

	FY2021	FY2022 Forecasts	FY2023 Mid-term outlook	FY2024 Mid-term outlook	FY2026 Targets
Net sales	76.2	80.0	83.0	85.0	–
Profit attributable to owners of parent	(0.66)	1.5	1.6	2.6	–
Net income ratio	–	1.9%	1.9%	3.1%	–
ROE	(1.4%)	3.5%	3.5%	5.5%	8% and over

Strategies Based on the Mid-term Management Plan

In carrying out the Mid-term Management Plan, the OSAKI Group will take the following strategies.

(1) Developing value-added smart meters and expanding energy solutions

In Japan, we will move ahead with the development of next-generation smart meters along with the construction of an optimized production system, and create new value-added.

(2) Developing new products and services

We will collaborate with various partners to accelerate technology development and reinforce marketing, and leverage the Group's strengths and management resources to create new businesses. We will focus on solution businesses that provide one-stop services for decarbonisation and GX (Green Transformation) to contribute to the realisation of a sustainable society and environment.

(3) Expanding global business focused on profit

The OSAKI Group is implementing the following measures in the focus regions including Oceania, Europe with particular focus on the UK, and emerging countries in Asia, the Middle East, and Africa.

- Expand the solution business to improve profit margins and reduce the impact of supply and demand conditions for parts and materials
- Accelerate next-generation hardware and software development
- Strengthen supply chain management

In Oceania, we are currently providing solution services and have achieved stable and high profitability. Going forward, we will aim for stable growth by maintaining a high market share and continuing to upgrade our solutions.

In other regions, we will work to strengthen profitability by promptly responding to the needs for solution services in the Middle East, where high market potential is expected, in addition to Asia, Africa, and Europe.

In terms of production, we will work to formulate a business continuity plan (BCP) and decentralise our manufacturing sites. In addition, we will respond flexibly to year-by-year changes in demand by increasing the outsourcing ratio to achieve production efficiency.

In March 2022, the OSAKI Group sold Quantum Automation Pte Ltd, which is mainly engaged in the building management business in Singapore, to Totech Corporation. By doing so, we will concentrate our overseas

Improving profitability by expanding the area where meters and solutions are deployed



management resources on the meter business, which is the core business of the OSAKI Group, and look to maximise corporate value on a global basis.

(4) Building resilient group operations

The OSAKI Group will strive to strengthen its management base by implementing the following measures and aim for more sustainable growth.

- Build strong teams through training and utilization
- Strengthen Group risk control
- Enhance financial soundness and optimize allocation of management resources
- Promote sustainability activities

We will develop human resources able to create business opportunities attuned to changes in society. We will also focus on Group risk management in response to the COVID-19 pandemic and geopolitical risks. In addition, we will strive to further strengthen our financial resilience to any changes in the business environment and optimize allocation of management resources.

With the business fields of the Group being closely linked to the SDGs, we will continue to develop our business with special regard to the importance of solving social issues.

In addition, the Group is improving profitability by strengthening management of each portfolio business and focusing on businesses with growth potential. In carrying out the key strategies of the Mid-term Management Plan, we are employing PDCA management mainly in the business portfolio categories shown on the right.

In September 2022, we sold our consolidated subsidiary OSAKI Engineering Co., Ltd. OSAKI Engineering develops production equipment, including equipment related to sensor devices and high-function devices, and is highly regarded for its advanced technological and product capabilities. However, there were only small synergy with the Group business operations. The sale will enable us to focus more on the Group's core measurement and control business, optimize our business portfolio, strengthen consolidated management, and continue to increase corporate value.

Smart Meters & Solutions in Japan: Portfolio management by product and service

Portfolio category	Position & policy
Smart meter business	Drive as a core business.
Solution business	Provide solutions for social issues such as energy saving and decarbonization by leveraging strong smart meter business. Aim to improve profitability in Japan.
Switchgear business	Provide to stable demand and maintain revenue and profit contributions.

Smart Meters & Solutions Overseas: Portfolio management by region

Portfolio category	Position & policy
Oceania	Reinforce solution business by combining smart meters and head-end systems. Aim for stable profit growth.
Europe	Improve profitability in UK by improving product mix and reducing production costs.
Asia	Improve profitability by focusing on high margin products and services, such as solutions services and commercial & industrial meters.
Middle East and other	

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

Analysis of Financial Results for Fiscal 2021

In fiscal 2021, the global economy remained uncertain due to factors such as the spread of new COVID-19 strains. Under these conditions, the OSAKI Group is working toward the introduction of next-generation smart meters in Japan scheduled for fiscal 2025, and the expansion of solution services overseas. With that aim, we have been promoting the key strategies of the Mid-term Management Plan, which are “developing value-added smart meters and expanding energy solutions,” “developing new products and services,” “expanding global business focused on profit,” and “building resilient group operations.”

In the smart meters and solutions business, in Japan, net sales declined from the previous fiscal year due to lower sales of smart meters and a

decrease in sales of smart locks for rental properties, shipments of which had been steady during the previous fiscal year. In addition to the decrease in sales, profit margins declined due to soaring raw material costs, and operating income was significantly lower.

Overseas, shipments to Oceania and the UK increased compared to the previous fiscal year, which had been impacted by the COVID-19 pandemic. On the other hand, sales to Iraq (Kurdistan Regional Government), which had contributed to the previous fiscal year’s results, decreased due to a slowdown in demand. In overall terms, net sales and operating income were both higher than in the previous fiscal year.

The consolidated financial results are shown in the table below.

(¥ million)

	FY2021	Compared to the previous year		Compared to the initial plan	
		Amount	Ratio (%)	Amount	Ratio (%)
Net sales	76,184	(71)	(0.1)	(6,815)	(8.2)
Operating income	1,277	(1,407)	(52.4)	(2,222)	(63.5)
Ordinary income	1,189	(1,698)	(58.8)	(2,110)	(64.0)
Profit attributable to owners of parent	(658)	(1,140)	–	(3,658)	–

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, share 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 2022-2026 Mid-term Management Plan announced in May 2022 are shown in the table below.

	FY2022 Forecasts	FY2023 Outlook	FY2024 Outlook	FY2026 Targets
ROE	3.5%	3.5%	5.5%	8% and over

Chapter 2

Business Strategies for Value Creation



Smart meter line-up in Japan (top); EDMI in Australia (bottom)

Smart Meters & Solutions in Japan

Efforts to Realise a Decarbonised Society

OSAKI ELECTRIC has contributed to efficient use of electric power by providing the technology to accurately measure invisible energy and the technology to realise the monitoring of usage information and controlling consumption. With this power measurement and control technology based on our smart meters as the starting point, we are using new technologies such as IoT and AI to optimise power consumption and provide labour-saving solutions in operations related to social infrastructures.

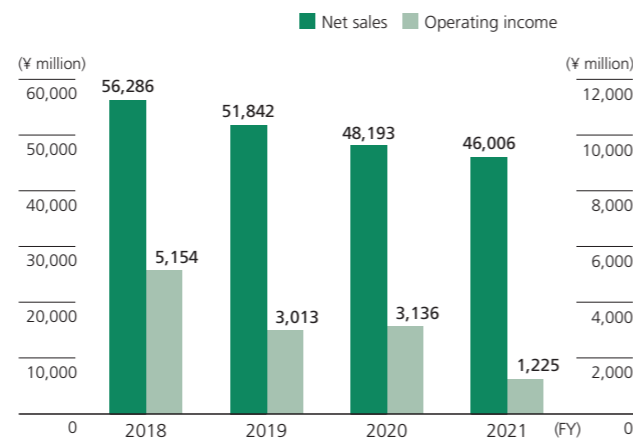
Going forward, we will work with various partners to strengthen technology development and marketing, and promote the creation of new businesses that leverage the strengths and management resources of the Group. We will focus on solution businesses that provide one-stop decarbonisation and Green Transformation, and contribute to the realisation of a sustainable society and environment.

Fiscal 2021 Financial Results

In Japan, shipments and sales of smart meters were affected by difficulties in procuring semiconductors and other electronic components, especially in the fourth quarter, leading to a decline in revenue. In addition, while shipments of smart locks for rental properties were steady during the preceding fiscal year, sales were lower during the fiscal year under review. As a result, net sales decreased by 4.5% compared to the previous fiscal year, to 46,006 million yen.

Operating income decreased 60.9% year-on-year to 1,225 million yen, due to a decline in profit margins owing to the above-mentioned decrease in sales and the soaring costs of raw materials.

Net Sales and Operating Income of Smart Meters & Solutions in Japan



Fiscal 2022 Business Strategy

In fiscal 2022, revenues are expected to rise due to increased sales of smart meters, sales of which were previously depressed by the difficulties in procuring electronic components in fiscal 2021, and higher sales of energy management-related products and services, which were affected by the COVID-19 pandemic. We expect to secure increases in profits, notwithstanding the impact of soaring prices of raw materials such as copper and resins, and electronic components such as semiconductors.

Against this backdrop, in fiscal 2022, we will focus on expanding our solution business, with particular emphasis on energy management services and smart metering systems.



Promoting the use of next-generation smart meters

The installation of smart meters in all households and buildings is projected to be completed by fiscal 2024, after which replacement demand for smart meters is expected to decline. However, more sophisticated next-generation smart meters are scheduled to be introduced in

Japan in fiscal 2025. We are therefore looking to increase cooperation among group companies and strengthen our systems for the development and efficient production of next-generation smart meters, to ensure that we are fully competitive with respect to expanding our market share.

Expanding the solution business

The OSAKI Group aims to contribute to society by creating new value through products and services that enable power to be "visualised" by measuring and digitalising its usage.

One of the key strategies of the Mid-term Management Plan is to create added value using smart meters and expand energy solutions. In line with this policy, the OSAKI Group is promoting smart solution systems that combine energy measurement technology, with automatic control and network construction enabled by AI and IoT and the

construction of networks.

While the original application of smart meters has been to measure electricity usage for billing, they are also attracting attention as a key device for decarbonisation.

We will continue to contribute to solving social issues such as the shrinking size of the labour force and decarbonisation by developing smart solutions that add control technology to the measurement technology we have cultivated since its inception.

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 utilization 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 start-ups.

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 start-ups to accelerate development of advanced IoT and AI technologies. The endeavours will include the building of new business models, development of IoT devices, and utilisation of big data to deliver new energy solutions.



TOPIC

One-stop service for decarbonisation management support

OSAKI ELECTRIC is collaborating with Zeroboard Inc. and Energy and System planning corp. (ESP), to provide companies with decarbonisation support services for visualizing carbon dioxide emissions in business activities and enabling accurate and detailed energy data management.

Combining the zeroboard*1 platform developed by Zeroboard and the O-SOL*2 energy management system developed and serviced by OSAKI, will help companies “visualize” carbon dioxide emissions

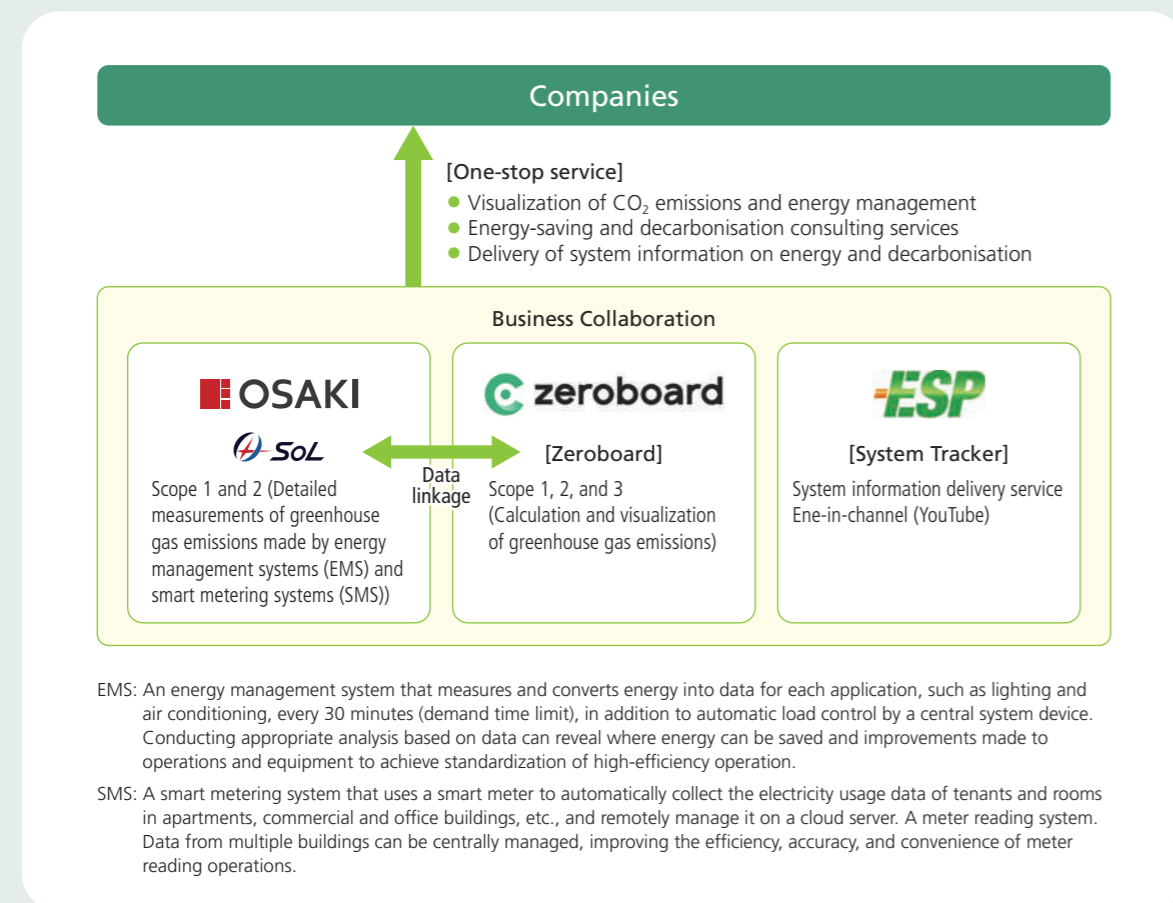
from their business activities and accurately and meticulously manage the energy data.

Based on the acquired data, OSAKI and ESP will provide energy-saving and decarbonisation consulting services tailored to each customer company's worksite. In addition, ESP's system tracker*3 will be used to include the prompt provision of information on legal revisions and systems that are essential for decision-making in the decarbonisation process.

*1. Greenhouse emissions calculation and visualization cloud service.
URL: <https://zeroboard.jp/>

*2. Energy management system and system service platform.
URL (in Japanese only): <https://www.osaki.co.jp/ja/product/search/category/category06.html>

*3. Energy and decarbonisation information service.
URL (in Japanese only): <https://solution-esp.com/seido-joho2.html>



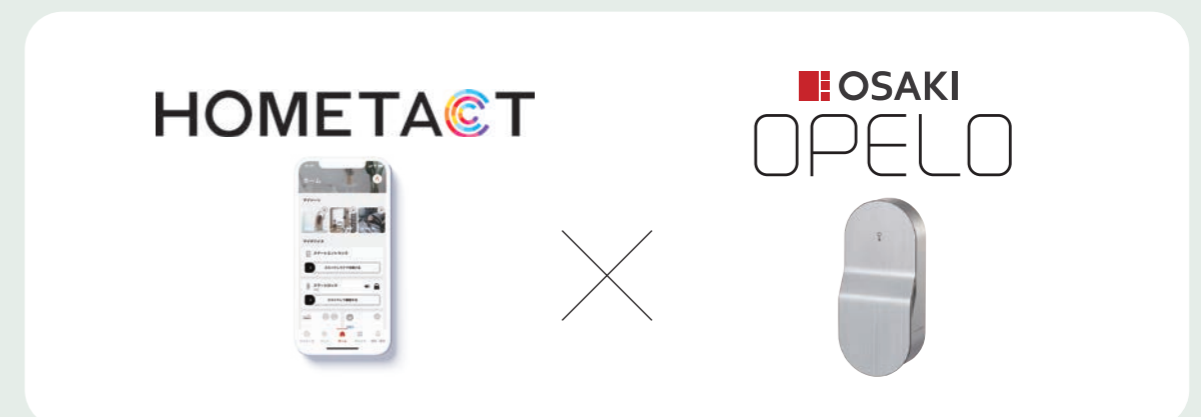
TOPIC

Linking smart home HOMETACT and smart lock OPELO systems

OSAKI ELECTRIC and Mitsubishi Estate Co., Ltd. have signed a basic agreement to collaborate in the smart home business domain, starting with the ability to link Mitsubishi Estate's HOMETACT smart home service with OSAKI ELECTRIC's OPELO smart lock system.

With a principal focus on the real estate rental industry, HOMETACT will improve property values and tenant satisfaction levels through its smart home services, and operational efficiency will be enhanced through digital transformation (DX) of real estate management utilizing smart locks.

HOMETACT is a comprehensive smart home service that allows users to freely customize their home automation with the ability to operate IoT devices from multiple manufacturers such as lighting, air conditioners, water heaters, curtains and robot vacuum cleaners within a single application. By linking with OPELO smart locks, which have an industry-leading track record as a rental management DX solution, HOMETACT can provide added value that goes beyond home automation.



[Platform linkage synergies]

- The password management function of the HOMETACT administrator screen (TACTBASE) makes it possible to streamline key handover operations when viewing vacant rooms and key management operations for common areas.
- In addition to allowing tenants' smartphones or IC cards to serve as keys, the HOMETACT app can be used to issue one-day passwords to facilitate the use of home care services, greatly improving lifestyle convenience.
- Tenants can use the full range of IoT device operations and smart lock one-day password functionality in one package with a single HOMETACT app. Owners can eliminate the need for individual contracts for multiple solutions, which reduces installation costs and is more convenient for tenants.

The two companies will work together to develop "HOMETACT x OPELO" into a service package and strengthen sales cooperation to provide services to real estate developers and rental management companies. Collaboration will be accelerated over a wide range of business areas, including joint development of unmanned management systems for common areas, product development for the residential condominium market, and joint research in the area of energy management.

In addition, we plan to jointly promote projects that contribute to a decarbonised society, such as the development of a smart metering system for net ZEH-M (Zero Energy House- Condominium) housing.

Smart Meters & Solutions Overseas



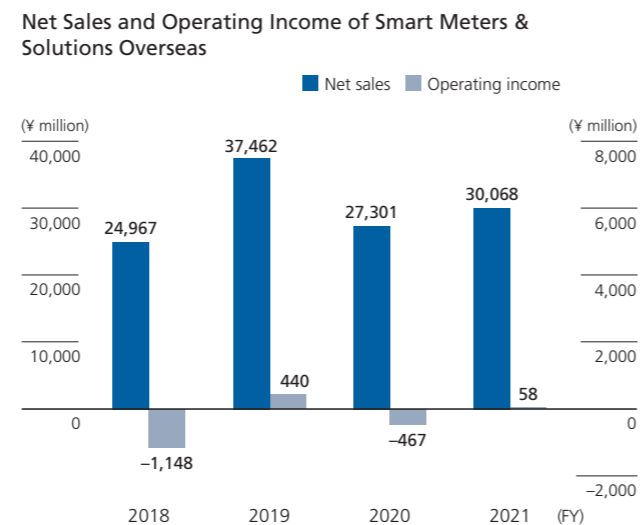
Roy Kirsopp
Chief Executive Officer (CEO) of EDM Group (to date in July 2022)

Driving Global Growth with Solutions Offerings in Response to Worldwide Increased Demand for Efficient Energy Management

Since its establishment in Australia in 1978, EDM has built a leading position as a meter manufacturer which has evolved with the international smart metering solutions market into a position of thought and market leadership. With the increased demand for efficient energy management, EDM is continuing to expand the scope of its customer offerings, including the delivery of highly scalable and future-proof software solutions across the electricity, gas and water industries and to be a company with sustainable recurring profit as a trusted supplier to many of the world's leading utility businesses.

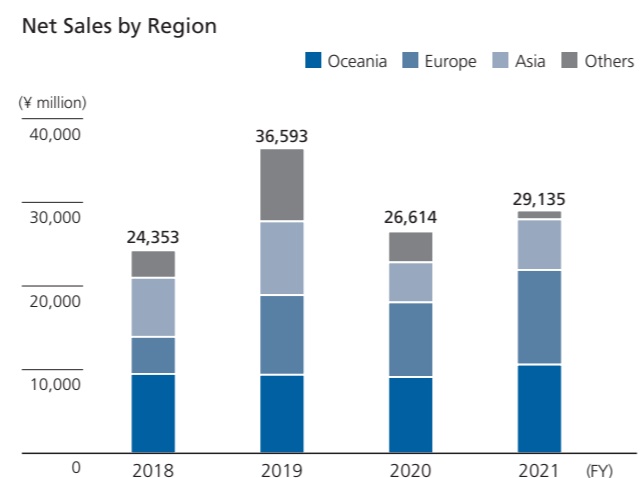
Fiscal 2021 Financial Results

In fiscal 2021, overseas shipments to Oceania and the United Kingdom increased compared to the previous year, which was impacted by COVID-19. On the other hand, sales to Iraq (Kurdistan Regional Government), which had contributed to the previous year's results, decreased during the fiscal year under review, due to a slowdown in demand. Overall, net sales increased by 10.1% compared to the previous fiscal year, to 30,068 million yen, and operating income rose by 525 million yen, to 58 million yen.



Fiscal 2022 Business Strategy

While stable growth is expected to continue in Oceania during fiscal 2022, we anticipate lower sales in other regions due to the expectation of difficulties in procuring electronic components and other materials. Going forward, our aim is to improve profit margins by shifting our sales composition from a focus on hardware, such as smart meters, to one in which the proportion of the solutions business is larger, combining smart meters and higher-end metering systems, while at the same time mitigating the risks of procurement and cost increases for parts and materials.



* Calculated based on securities report classifications (external sales, including of Japanese exports abroad)

Situation by region

● Oceania

In fiscal 2021, business performance expanded steadily due to the installation of new smart meters in Australia and renewal demand in New Zealand. As the market leader in Oceania, EDM is aiming for stable growth by providing high-value-added smart meter solutions. In fiscal 2022, we are aiming to secure operating income by controlling the risk of rising raw material procurement and transportation costs.

● Europe (mainly the UK)

In the UK smart grid conversion is underway in a move to renewable energy for a decarbonised society. EDM is taking part in the ongoing residential smart meter rollout project there.

Sales in fiscal 2021 increased compared to fiscal 2020, when smart meter installations were hit by lockdowns put in place during the COVID-19 pandemic. In fiscal 2022, we anticipate difficulties in procuring electronic components,

which will have a negative impact on profitability. Looking ahead, we aim to improve profit margins by allocating limited products to hardware sales at higher unit prices.

● Asia, Middle East, and Other Regions

In the emerging markets of Asia, the Middle East, Africa, and other regions, needs differ greatly from country to country and region to region. Therefore, we are focusing on improving profitability throughout the area by developing services that meet customer needs, such as prepaid systems for reliable collection of charges and meters equipped anti-theft features.

In fiscal 2021, sales remained challenging due to sluggish bidding and marketing activities, caused by the spread of COVID-19. However, there is strong potential for market expansion in these regions, and our aim is to achieve profit-driven growth by expanding our solution services.

Other Business

Production Equipment Business

OSAKI ELECTRIC established OSAKI Engineering Co., Ltd. in 1990 as a venture investment business and has been developing the production equipment business, including equipment relating to sensor and high-function devices, using a core technology of fine-pitch bonding. In fiscal 2021, net sales decreased 27.9% year on year to 692 million yen, and there was an operating loss of 282 million

yen, compared to a loss of 264 million yen the previous fiscal year, due to a decrease in orders received caused by the impact of COVID-19.

In September 2022, OSAKI ELECTRIC transferred all shares of OSAKI Engineering to HAGIWARA ELECTRIC HOLDINGS CO., LTD. As a result, OSAKI Engineering will no longer be a consolidated subsidiary of OSAKI ELECTRIC.

Real Estate Business

In the real estate business, net sales increased 0.1% year on year to 553 million yen, and operating income increased 0.2% to 271 million yen.

Chapter 3 Foundation of Value Creation



Production lines to manufacture high-quality products

Value Creation Capabilities

The 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.

This chapter presents our environmental, social, and governance initiatives.

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 CO₂ emissions

Along with its smart meters, the OSAKI Group provides other products and services for optimising energy usage.

Reducing Group environmental footprint

Recycling

We promote recycling by manufacturing environmentally friendly products 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

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

New value created by people collaborating across borders, industries, and organisations

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

Yearly evaluation to improve Board's effectiveness
→ Continuous improvements



Corporate Governance

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

Fundamental Approach

In line with its corporate philosophy, the 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.

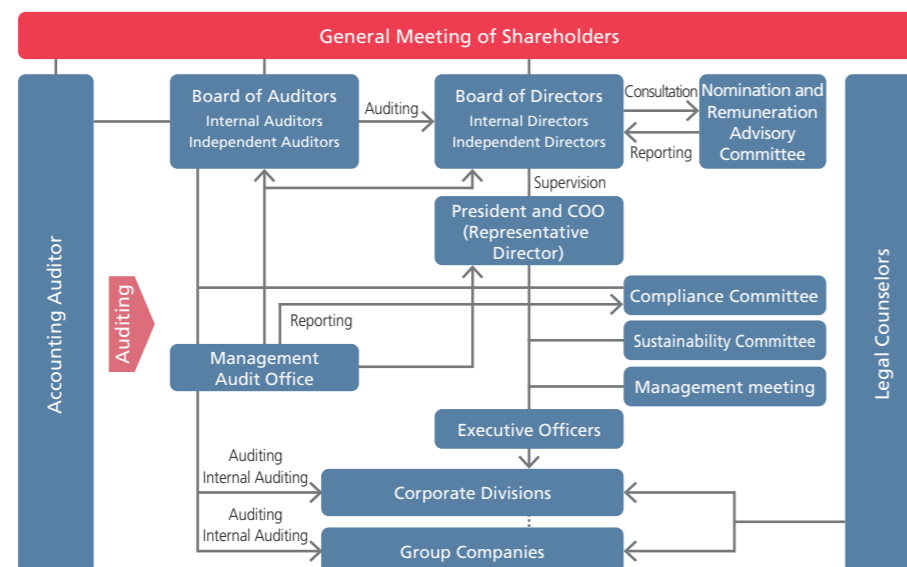
3. Ensure transparency through the timely disclosure of corporate information.
4. Ensure that Board directors and corporate auditors fulfil their fiduciary and accountability responsibilities to shareholders.
5. Engage in constructive dialogue with shareholders.

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 six 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 has further enhanced the supervisory function of the Board of Directors and at the same time ensured the speed and flexibility of executive functions, forming an ideal corporate governance system.



Board of Directors

The Board of Directors consists of six members, including two independent directors. 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.

In principle, the Board of Directors holds monthly meetings and convenes further if necessary. Important matters are discussed at the Management Council prior to the board meetings, with an eye to delivering meaningful

discussions and clarifying decision-making processes. This practice allows the Board to respond flexibly to management environment changes and service efficient operations.

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.

As for Group governance, a monthly Group Executive Meeting is held between OSAKI ELECTRIC and Enegate Co., Ltd., and EDMI Limited.

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.

Criteria to determine the independence of independent officers (in Japanese only): https://www.osaki.co.jp/ja/sustainability/governance/c_governance/main/08/teaserItems/01/linkList/0/link/Independent%20officers.pdf

Skills Matrix

OSAKI ELECTRIC maintains a small core team of excellent people, restricting the number of directors responsible for making important management decisions and supervising business execution to a maximum of ten and has decided to emphasize management experience in the Group or other companies, "international experience" and "specialist knowledge and/or skills gained inside or outside the

Group" as the skills directors need to have in order to properly fulfil their role.

The skills of each of the directors and auditors are as shown in the skills matrix below, and the Company believes that the Board of Directors as a whole has skill diversity and possesses a good balance of skills.

	Representative	Independent	Members	Officers	Management in general	Industry knowledge	International experience	Sales and marketing	Manufacturing and development	Legal knowledge	Financial knowledge
Directors	●		○	Yoshihide Watanabe	●	●	●	●	●		
	●		○	Mitsuyasu Watanabe	●	●	●		●		
	●		○	Haruyuki Kawabata	●	●		●			
				Ryuichi Ueno		●	●				●
		●	◎	Seiji Takashima	●		●		●		
		●	○	Nobuhiro Kasai	●		●				
Auditors				Choichiro Hori		●		●			
				Yutaka Hasegawa		●				●	
		●	○	Shigehiko Yamamoto							●
	●	○	Kumiko Kitai							●	

* Members: Nomination and Remuneration Advisory Committee (Chairperson:◎ Member:○)

Board of Auditors

The Board of Auditors consists of four members, including two independent auditors. The Board of Auditors establishes audit policies and audit plans, and each of the auditors attends important meetings, including meetings of the Board of Directors, meetings of the Management Council and Group Executive Meetings, investigates the status of business and assets, and inspects important internal decision-making documents in accordance with these audit policies and audit plans. The auditors also conduct interview surveys of the directors and executive officers in charge of each division and, through such activities, audit the execution of duties by directors.

In fiscal 2022, key audit matters included the status of initiatives under Group growth strategies, the status of the response to the unification of specifications of all electric power companies for next-generation smart metres and the status of promotion of stronger governance in overseas business in addition to confirmation of whether directors engaged in fraudulent activities in their execution of duties and the

status of compliance with laws and regulations and the Articles of Incorporation.

Internal auditors conducted interview surveys of executive officers and employees in each division (Research & Development Division, Manufacturing Division, Sales Division, Administration Division, Corporate Strategy Division) and audited the status of business and assets. Internal auditors also sought to exchange information with directors and others at the two overseas subsidiaries and seven domestic subsidiaries by visiting each subsidiary or through other means such as the Internet, and received business reports where necessary.

Independent auditors received reports from internal auditors on the above activities and their results and expressed opinions from the perspective of independent auditors at meetings of the Board of Auditors and other meetings, and also visited business sites where necessary to conduct business audits.

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

Evaluation of 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. As in previous years, the results of analysis and evaluation of the effectiveness of the Board of Directors conducted with respect to the fiscal year ended 31st March, 2022 confirmed that the Board of Directors is effective, with gradual improvement and progress made on issues identified the previous fiscal year.

In summary, the results confirmed that agenda items had

been narrowed down and the efficiency of deliberations improved through the establishment and operation of the Management Council for discussions prior to the board meetings, and also that a framework for the disclosure of non-financial information including sustainability issues had been developed. However, it was recognized that there were still issues to be addressed, including a system for optimization of the business portfolio, further enhancement of discussions about the diversity of core human resources, and succession planning.

The Company will continue implementing initiatives for further improvement in the future.

Training of Directors and Auditors

OSAKI ELECTRIC provides the following training to directors and auditors at its own expense so that its directors and auditors properly fulfil their expected roles as individuals who are a part of the Company's organs of corporate governance.

- (1) Newly appointed directors and newly appointed auditors
 - Participation in outside seminars directly after assuming office
 - Internal corporate governance training

- (2) Directors and auditors
 - Delivery of seminars on topics such as the Companies Act by outside experts at least once a year
 - Encouragement to participate in seminars on other useful topics
- (3) Independent directors and independent auditors
 - Provision of internal training on the Company's business in general (including tours of business sites) directly after assuming office, in addition to the foregoing

Officers' Remuneration, etc.

(i) Matters pertaining to the policy on determining the content of remuneration, etc. for individual directors

The Company has established a policy on determining the content of remuneration, etc. for individual directors (hereinafter referred to as the 'determination policy'). This determination policy was determined by resolution of the Board of Directors based on the deliberations and report of the Nomination and Remuneration Advisory Committee, a majority of whose members are independent directors and independent auditors.

When determining the content of remuneration, etc. for individual directors, the Nomination and Remuneration Advisory Committee considered consistency with the determination policy and appropriateness, and the Board of Directors also basically respected the committee's report, judging it be in line with the determination policy.

The amount of remuneration of each auditor is determined through consultation among the auditors.

Starting from the fiscal year ended 31st March, 2022, the Company abolished stock options as stock-based remuneration and introduced a restricted stock unit plan (excludes independent directors) to increase incentive to improve performance in the medium and long term and to further promote shared values with shareholders. Furthermore, to increase incentive to improve business results in the short term, the Company introduced performance-linked remuneration to be included within the total amount of annual monetary remuneration for directors of 300 million yen (provided that this amount does not include the employee wages of any director who is also an employee) resolved at the 92nd Ordinary General Meeting of Shareholders held on 29th June, 2006.

Basic policy

The Company's basic policy is that officers' remuneration shall be set at a level and composed in such a way that allows the Company to attract and retain the talent required for continuous enhancement of corporate value and improvement of corporate competitiveness and to function as an incentive to improve performance. More specifically, remuneration for directors who are responsible for business execution shall consist of basic remuneration, performance-linked remuneration and restricted stock units, and the percentages of each component shall be set at the optimal level for contributing to the sustainable improvement of corporate value. The remuneration for independent directors shall consist of basic remuneration only.

Basic remuneration

Basic remuneration shall be fixed monetary remuneration paid monthly. The amount of basic remuneration shall be determined based on an officer's position, responsibilities and other factors and shall be reviewed in a timely manner taking into consideration factors such as business results, pay levels at other companies and social conditions.

Performance-linked remuneration

Performance-linked remuneration shall be monetary remuneration that reflects performance indicators to raise the awareness of performance improvement each business year, and an amount calculated according to the degree of attainment of a target value

shall be paid as a bonus at a certain time every year, with the consolidated and non-consolidated operating margins, which indicate income earned from core business each fiscal year used as a benchmark. In the fiscal year under review, the consolidated operating margin was 1.7% against a target level of 4.2% and the non-consolidated operating margin was -3.7% against a target level of 2.0%.

Restricted stock units

At a set time each year, directors who are responsible for business execution are granted restricted stock units with a restriction period of up to 30 years, for the purpose of promoting shared values with shareholders and increasing incentive for improvement of performance in the medium and long term. The number of shares to be granted is determined based on various factors including position and responsibilities.

(ii) Matters related to resolutions of the General Meeting of Shareholders about remuneration, etc. for directors and auditors

The Company's 92nd Ordinary General Meeting of Shareholders held on 29th June, 2006 resolved that the amount of monetary remuneration for directors shall not exceed 300 million yen per year (provided that this amount does not include the employee wages of any director who is also an employee). The number of directors as of the conclusion of the 92nd Ordinary General Meeting of Shareholders was fifteen. Aside from such monetary remuneration, the 107th Ordinary General Meeting of Shareholders held on 25th June, 2021 resolved that the amount of monetary claim remuneration for the granting of restricted stock units shall not exceed 100 million yen per year (provided that this amount does not include the employee wages of any director who is also an employee). The number of directors (excluding independent directors) as of the conclusion of the 107th Ordinary General Meeting of Shareholders was five.

The 95th Ordinary General Meeting of Shareholders held on 26th June, 2009 resolved that the amount of monetary remuneration for auditors shall not exceed 70 million yen per year (including monetary remuneration for independent auditors not exceeding 20 million yen per year). The number of auditors at the conclusion of the 95th Ordinary General Meeting of Shareholders was four (including two independent auditors).

(iii) Matters related to delegation of determination of the content of remuneration, etc. for individual directors

Yoshihide Watanabe, Chairman and CEO (Representative Director) and Mitsuyasu Watanabe, President and COO (Representative Director) both determine specific content such as the amount of remuneration for individual directors, taking the deliberations and report of the Nomination and Remuneration Advisory Committee into consideration and in accordance with a resolution by the Board of Directors delegating authority to them. The reason for delegation is that the Company judges that objectivity and propriety are ensured through the deliberations of the Nomination and Remuneration Advisory Committee and that these two individuals are familiar with the Group's management environment and circumstances and are capable of making an overall judgment.

Election of Chief Executive Officer, etc. and Succession Planning

On the election of the Chief Executive Officer or other Representative Director, the Chief Executive Officer prepares a proposal and consults the other Representative Director before submitting the proposal to the Board of Directors. Through the establishment of the Nomination and Remuneration Advisory Committee as an optional advisory body for the Board of Directors and its involvement in this process, the Company increases independ-

ence, objectivity and accountability in relation to the nomination process.

Similarly for succession planning, the Company will consider using the Nomination and Remuneration Advisory Committee in the future, in addition to consultation with the other Representative Director.

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)



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. (retired in February 2022)



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)

Yutaka Hasegawa Auditor

Apr. 1988 Joined OSAKI ELECTRIC Co., Ltd.
 Jun. 2014 General Manager of General Affairs Department, Administration Division
 Jun. 2022 Auditor (to date)

Shigehiko Yamamoto Auditor (Independent)

Mar. 2007 Managing Advisor, JAFCO Co. Ltd.
 Jun. 2007 Outside Director, NEC Capital Solutions Limited (retired in June 2014)
 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)
 Jun. 2022 Outside Director, Japan Petroleum Exploration Co., Ltd. (to date)

Executive Officers

Kazuo Nemoto
Senior Managing Executive Officer
Head of Administration Division

Takehiko Ota
Managing Executive Officer
Head of Domestic Sales Division

Jun Abe
Executive Officer
Head of Research & Development Division

Toshiaki Takada
Executive Officer
Head of Manufacturing Division

Hiroyuki Hatakeyama
Executive Officer

Nobuyuki Ono
Executive Officer

Hiroshi Takahashi
Executive Officer

Isao Yoshino
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)

To become a "Global Energy Solution Leader," as OSAKI's vision states, we focus on our core smart meter business in Japan, as well as creating new value-added products and services based on the technology we have cultivated to date. Furthermore, we will strengthen overseas business, where we anticipate steady market growth and better profitability.

In supporting the aforementioned efforts, we have undertaken significant reforms in our management structure and evaluation & compensation systems. In February 2019, we established a Nomination and Remuneration Advisory Committee. As a Chairman of the Committee, I welcomed such new measures as performance-based remuneration to invigorate business execution. To further accelerate the reform, the executive officer system was introduced in June 2020 to separate management from execution. Over the medium- to long-term, the Board of Directors will further deepen discussions on important issues, with the object of forming management that boldly engages in self reformation.



Shigehiko Yamamoto
Auditor (Independent)

The OSAKI Group has built a solid management base by making full use of the precision, reliability, and technical capabilities that it has steadily accumulated over its more than 100-year history. In recent years, however, with the business environment in Japan and abroad in the midst of a paradigm shift, various complex risks have emerged. In this environment, we have put forth our vision of becoming a "Global Energy Solution Leader" rather than just a manufacturer of meters that merely measure electricity, and are subjecting ourselves to tough questions as we work on undergoing a transformation to an ideal future corporate entity.

Companies listed on the Prime Market of the Tokyo Stock Exchange, are required to have a higher level of group governance and audit credibility. Each corporate auditor therefore strives to collect information and understand actual risk status through interviews with executive officers and compilation of daily audit reports.

Management issues are then shared with other corporate auditors, reported to the Board of Directors, and summarized as recommendations to the Board of Auditors. The various divisions consider the auditors' recommendations, determine who is responsible for implementation, and report in a timely manner on the status of their respective responses.

I am committed to fulfilling my duties as a corporate auditor under the mandate of shareholders and to contributing to the OSAKI Group's medium- to long-term sustainable growth and enhancement of corporate value through fair and transparent corporate management.



Nobuhiro Kasai
Director (Independent)

The Japanese market for smart meters, the OSAKI Group's main business, remains stable but has limited room for growth. In order to generate further growth for OSAKI ELECTRIC and increase its market value, in 2019 we formulated and announced a Mid-term Management Plan focused on the four pillars of "developing value-added smart meters," "developing new products and services," "expanding global business focused on profit," and "building resilient group operations." We have been moving forward with prioritizing management resources on these four pillars.

In the past several years, the Company's situation has become more challenging due to stagnant economic conditions brought on by COVID-19, global semiconductor supply shortages, rising energy and other costs, and sharp fluctuations in foreign exchange rates. We are accordingly reviewing our plans to respond to the changing circumstances. As an independent director, I will continue with my commitment to contributing to improving the interests of the Company's stakeholders.



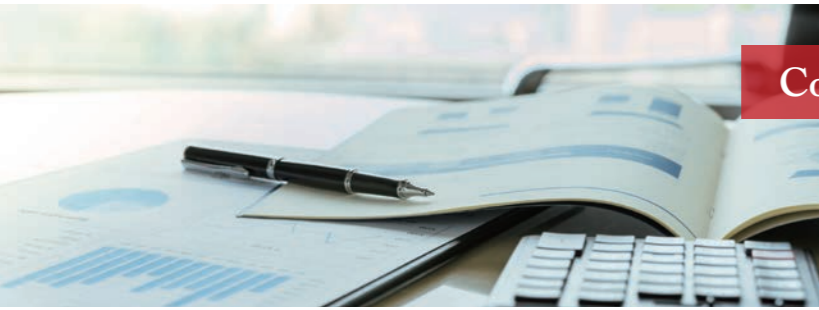
Kumiko Kitai
Auditor (Independent)

In recent years, the OSAKI Group has been facing a challenging business environment that includes significant changes both in Japan and overseas. In the midst of this every effort is being made to improve earnings and strengthen the Group's management base by reinforcing revenues.

In addition to fulfilling our statutory responsibilities to protect the Group in accordance with laws and regulations, corporate auditors and the Board of Auditors, including myself, consider it important to contribute to the sustainable growth of the Group by appropriately expressing opinions we deem necessary to management based on information obtained through audits. As part of this process, the Board of Corporate Auditors expends a significant amount of time at the end of each fiscal year to compile a summary of the results of key audit items, issues, and recommendations for the future, and reports the summary to the Board of Directors. The report is discussed by the Board and at other management discussion meetings, which cover individual reviews, reports on initiatives by the various divisions, and verification and evaluation of business results.

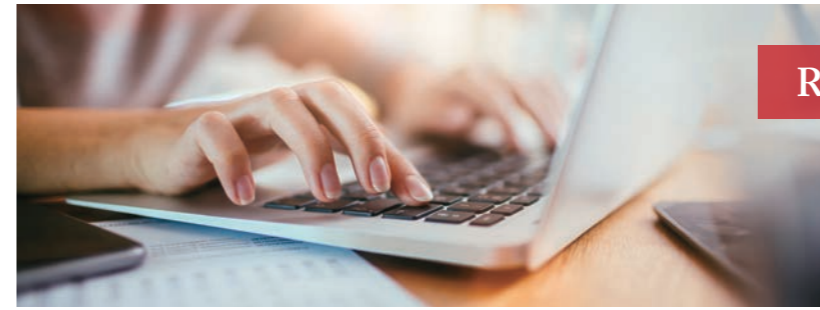
We also pay close attention to corporate governance, such as sustainability initiatives and human capital strategies, which are required to be at a higher standard for companies with a Prime Market listing. With regard to sustainability, for example, since December 2021, the Group has been formulating basic policies and announcing specific targets. We will continue to proactively address this important management issue, which is linked to both business opportunities and the enhancement of corporate value.

As an independent corporate auditor, I will continue to focus on keeping track of relevant information and risks, express my frank opinion, and contribute to the Group's sustainable growth and enhancement of corporate value.



Compliance

The OSAKI Group promotes activities to ensure that employees comply with legal requirements and observe high ethical standards.



Risk Management

The OSAKI Group takes precautions to minimise risks.

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

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

Compliance Code of Practice

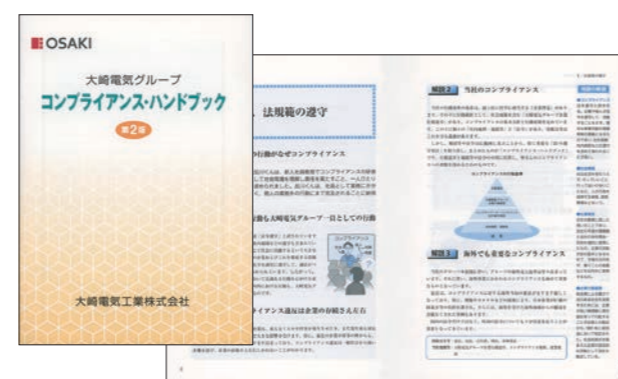
The code of practice is based on the Corporate Philosophy, with the Charter of Corporate Behaviour forming the action guidelines that define the basic policies and principles of compliance. These include 22 compliance items of the OSAKI Group Compliance Handbook, and internal rules and regulations based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

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.

In addition, business risks are monitored every month at management meetings and other meetings.

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.





Environmental Initiatives

The OSAKI Group conducts environmental activities in various fields.

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 and some of its Group companies try 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.



Responding to Climate Change

In November 2021, the OSAKI Group announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and joined the TCFD Consortium.

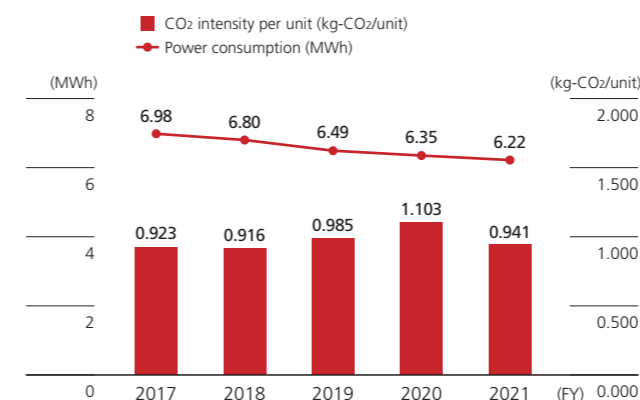
Furthermore, in May 2022, the OSAKI Group disclosed medium-term goals for 2030 in the areas of governance,

strategy, risk management, and metrics and targets, based on the TCFD recommendations framework.

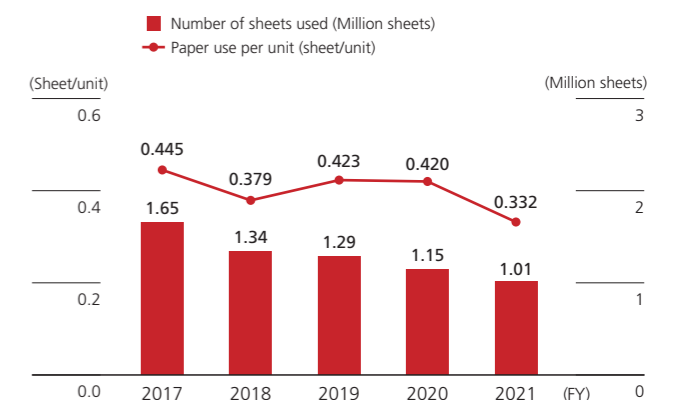
We will continue to contribute to the creation of a sustainable society by actively disclosing information in accordance with TCFD disclosure framework recommendations.

Decarbonisation Initiatives (Saitama Factory)

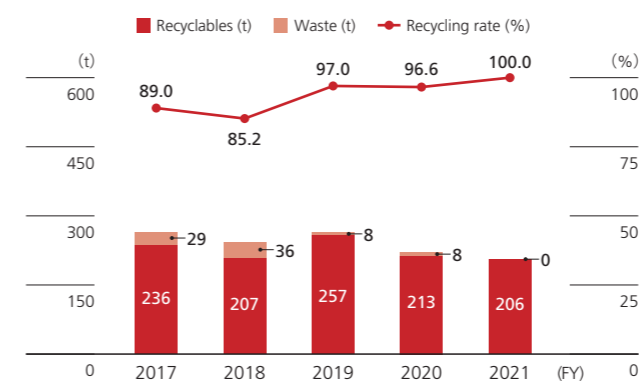
Power Consumption and CO₂ Intensity per Unit



Number of Sheets Used and Paper Use per Unit



Recycling Rate



Case Study

Green Transformation (GX) Initiative Using Own Factory

The term "Green Transformation" or "GX" is heard more and more frequently in recent years. GX initiatives seek to strike a balance between reducing greenhouse gas emissions and maintaining business competitiveness and are aimed at transformation into an industrial structure and social system driven by clean energy rather than fossil fuels. Japan's goal is to achieve carbon neutrality and a decarbonised society by 2050; however, as things stand, it seems these words have yet to be translated into action.

OSAKI ELECTRIC has been putting effort into activities to protect the environment at its production sites for more than 20 years; however, given developments such as the need for decarbonisation solutions and climate action by businesses, we launched a new round of decarbonisation initiatives for the purpose of revising our own production activities from a GX perspective.

We introduced the energy management system (EMS) that has been the focus of our efforts in recent years at our own factory and conducted a demonstration experiment involving our own products and we also conducted thoroughgoing analysis of the factory's energy consumption.

Through this, we discovered that the factory's AC was one of the reasons for high electricity consumption and succeeded in significantly reducing electricity consumption by controlling the outdoor-air processing unit and indoor AC system. Furthermore, visualisation of electricity consumption trends through the EMS allowed us to control AC units more carefully and significantly reduce electricity consumption whilst maintaining appropriate temperature and humidity levels within manufacturing areas.

With decarbonisation initiatives becoming increasingly important for businesses, OSAKI ELECTRIC will use its own decarbonisation initiative to inform its own products and services and contribute to more efficient energy consumption in manufacturing settings.



Actual operation and settings of outdoor-air processing unit being checked at factory. Readings are taken daily and temperature and humidity conditions are checked and recorded as part of EMS. Data management helps maintain reductions in the future.



Electricity consumption is displayed in real time



Members who achieved significant reduction in electricity consumption at factory

MESSAGE



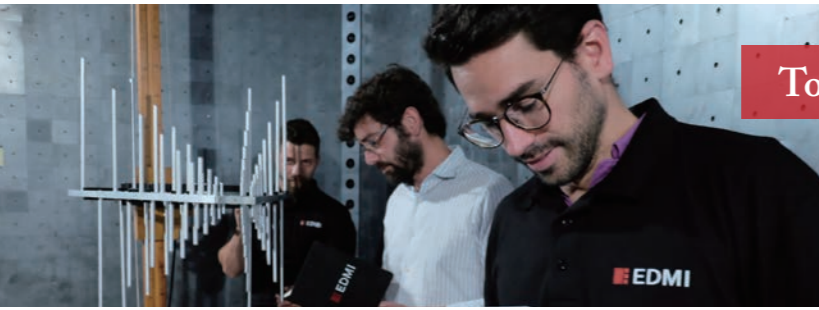
Toshiaki Takada
Executive Officer, Head of
Manufacturing Division

Providing solutions for a decarbonised society through "visualisation" knowhow

The recent initiative came about when I noticed that our core factory for smart metres accounted for 25% of the total electricity consumption of all sites. By introducing our own EMS and visualizing the status of operations in various parts of the factory, we succeeded in identifying losses. Through this initiative, we reduced our electricity consumption by an average of just over 20% each month over the 10-month period from December 2021 to September 2022. Some months we reduced consumption by as much as just over 40%.

Whilst reduction of energy usage is a major achievement, this was not simply a "significant reduction of waste," rather the "ability to visually communicate reduction" felt like an achievement unique to OSAKI ELECTRIC, which has long been involved in "visualization" through metres, etc. Such visualisation of the results of our activities has had a positive impact across all sites, helping raise awareness among members and leading to increased communication.

I feel that although activities to protect the environment are important corporate activities, they are rarely highlighted. We would like to support such activities through the provision of solutions for a decarbonised society and the "visualization" of those supporting such activities.



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.



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.

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.

Supporting increased participation of female employees

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

OSAKI ELECTRIC action plan goals

Goal 1: By 31st March 2026, to have a ratio of female employees of 23%, compared to 18% in 2021.

Goal 2: Provide career design training to raise the career awareness of female employees.

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.

Parenting and nursing care support

Employee benefits include parental and nursing care leave,

and exemption from or restrictions on overtime work for parent employees.

Promoting work style reforms

Reforms include reducing overtime, encouraging employees to take paid leave, and instituting telework.

Enhancing Health and Productivity Management

In March 2022, for the third consecutive year OSAKI ELECTRIC was certified as a Health and Productivity Management Excellent Corporation (in the Large-scale Corporate Division).

* "Health and productivity management" is a registered trademark of Nonprofit Organization Kenkokeiei.



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.

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 2021, OSAKI

ELECTRIC and some of its Group companies have obtained ISO 9001:2015 certification.



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.



Together with Society

OSAKI ELECTRIC contributes to society through activities in various fields.

Decarbonisation Lessons by Top Management

Decarbonisation is a major issue for the international community and a top management priority for the OSAKI Group. We are promoting the reduction of CO₂ emissions through products and services that support the energy-saving activities of our customers and consider that we can also contribute to decarbonisation by helping the next generation to understand the current energy environment and various issues. To that end, we have started giving lessons at schools.

In July 2021, for example, OSAKI ELECTRIC President Mitsuyasu Watanabe gave a special lesson in English to about 100 elementary school students at an international school in Tokyo. This led the students to think about how to use energy in ways that are friendly to the planet, and to come up with many questions and suggestions in a direct and open way.

OSAKI ELECTRIC intends to further strengthen its efforts in the area of climate change and decarbonisation, while at the same time continuing to help educate the next generation to stimulate interest in the status of climate change and promote smart power utilisation.

In addition, we will set business goals and promote the decarbonisation of society through business activities and education for the next generation, as priority issues currently under consideration as goals 13 and 7 of the Sustainable Development Goals (SDGs) promotion project.



Sotokoto SDGs Award 2021

In 2021, OSAKI ELECTRIC was chosen as the recipient of the first Sotokoto SDGs Award, given out by the SDGs news site Sotokoto NEWS (with the Sotokoto magazine and Sotokoto Online), which is operated by Sotokoto Planet Co., Ltd. and Mirai Relations, Inc.

The new award will be bestowed each year for examples of SDG achievements and initiatives reported in the news that will help to create a better society and tomorrow. OSAKI ELECTRIC was selected for the dedication and determination it displays, starting with top management, in working to achieve the SDGs and contributing towards a decarbonised society.

We will continue to promote SDG activities and contribute to energy utilisation to form the foundation for creating a sustainable and prosperous society.



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.

Furthermore, in collaboration with the town of Miyoshi, which is where the handball team is based, the Company strengthened its engagement with children in the local community through sport and contributed to regional revitalization and youth development, including forming a junior handball team. The Company received an award from the town of Miyoshi in 2022 in recognition of these achievements.



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.



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 Briefing

In June each year, the OSAKI Group promptly provides fair and accurate information by holding a briefing session on the financial results and the Mid-term Management Plan, ensuring the building of long-term relationships of trust with shareholders and investors. To prevent the spread of infection during the COVID-19 pandemic, which made in-person communication difficult, teleconferencing was used to brief shareholders and investors.

We also strive to focus on actively expanding information disclosure in line with market requirements. Information is distributed in principle 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.

OSAKI ELECTRIC IR information: <https://www.osaki.co.jp/ja/ir.html>

Integrated Report

The OSAKI Group prepares and publishes an Integrated Report for the purpose of helping a wide range of stakeholders, which includes shareholders and investors, understand its future value creation efforts. In addition to management strategy, business activity report and ESG (environment, society, governance) initiatives that were published in the former Corporate Report, the Integrated Report, which has been published since 2021, includes our value creation story and sustainability basic policy.



Winner of "Most Liked!" IR Award

At the Best IR Award 2021 presentation sponsored by the Japan Investor Relations Association, OSAKI ELECTRIC was the winner of the "Most Liked!" IR Award.

The objective of the Best IR Award is to share the positive IR activities of companies that result in best practices. The award was given in recognition of IR activities devised to contribute to sustainability, such as decarbonisation achieved through our products and services, and its nurturing of the next generation who will carry the responsibility for realising a decarbonised society.



Chapter 4 Data Section



OSAKI ELECTRIC Saitama Factory

11-year Financial Data (consolidated)

	(FY) (Millions of yen)											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Year-on-year change rate (% / pts.)
Financial Data												
Net sales	47,362	61,205	65,663	77,366	75,596	86,159	78,780	82,089	90,069	76,255	76,184	(0.1)
Operating profit	3,329	2,278	1,766	3,270	3,738	7,692	5,544	4,299	3,691	2,684	1,277	(52.4)
Ordinary profit	3,215	2,900	1,905	3,584	4,003	7,426	5,634	4,293	3,544	2,888	1,189	(58.8)
Profit (loss) attributable to owners of parent	1,339	1,472	783	2,754	1,493	3,803	2,666	1,806	1,197	482	(658)	—
Profit attributable to owners of parent per share (yen)	36.95	41.30	21.96	74.30	33.46	80.65	54.63	36.95	24.47	9.84	(13.42)	—
Operating profit ratio (%)	7.0	3.7	2.7	4.2	4.9	8.9	7.0	5.2	4.1	3.5	1.7	(1.8 pts.)
Ordinary profit ratio (%)	6.8	4.7	2.9	4.6	5.3	8.6	7.2	5.2	3.9	3.8	1.6	(2.2 pts.)
Net income ratio	2.8	2.4	1.2	3.6	2.0	4.4	3.4	2.2	1.3	0.6	(0.9)	(1.5 pts.)
Return on equity (ROE) (%)	5.4	5.6	2.6	7.8	3.9	9.2	5.8	3.8	2.5	1.0	(1.4)	(2.4 pts.)
Return on assets (%)	4.5	3.6	2.2	4.0	4.5	8.3	6.3	4.7	3.6	3.1	1.3	(1.8 pts.)
Overseas sales ratio (%)	6.0	33.2	35.3	37.6	27.1	26.6	23.9	29.7	40.6	34.9	38.2	3.3 pts.
Total assets	79,352	82,656	87,918	89,579	87,428	92,206	85,785	98,314	97,962	90,989	91,222	0.3
Net assets	36,204	39,830	42,760	50,537	51,028	55,347	57,924	58,881	58,637	58,887	57,611	(2.2)
Capital adequacy	24,532	28,297	31,404	38,806	38,343	44,563	46,794	47,695	46,790	46,614	45,236	(3.0)
Capital adequacy ratio (%)	30.9	34.2	35.7	43.3	43.9	48.3	54.5	48.5	47.8	51.2	49.6	(1.6 pts.)
Net assets per share (yen)	688.13	793.80	880.54	875.32	854.31	913.09	958.80	974.95	956.44	950.37	936.60	(1.4)
Cash flows from operating activities	2,834	6,741	1,052	5,289	6,373	7,369	8,110	76	(394)	10,503	4,422	(57.9)
Cash flows from investing activities	(10,340)	(5,828)	(2,524)	5,250	(4,332)	(4,302)	(4,305)	(2,818)	(4,120)	(1,187)	(1,219)	—
Cash flows from financing activities	6,909	(1,102)	(185)	(6,231)	(3,096)	(3,142)	(5,510)	5,739	328	(6,939)	(2,934)	—
Free cash flow	(7,506)	913	(1,472)	10,539	2,041	3,067	3,805	(2,742)	(4,514)	9,316	3,203	(65.6)
Cash and cash equivalents at end of period	12,643	13,046	11,876	17,287	15,691	15,417	13,701	16,422	12,366	14,654	15,335	4.6
Capital investment	2,232	5,090	2,153	3,061	3,362	5,187	2,403	1,885	2,064	1,662	2,537	52.6
Research and development expenses	1,816	2,252	2,480	3,464	3,422	3,317	3,398	3,059	3,242	2,900	3,043	4.9
Depreciation	2,021	2,282	2,378	2,456	2,214	2,664	2,820	2,634	2,905	2,749	2,536	(7.7)
Payout ratio (%)	32.5	29.1	54.6	20.2	35.9	24.8	36.6	54.1	81.7	203.3	—	—
Annual dividends per share (yen)	12.00	12.00	12.00	15.00	12.00	20.00	20.00	20.00	20.00	20.00	20.00	0.0
Total dividends	427	427	428	613	537	959	976	978	978	980	974	(0.6)

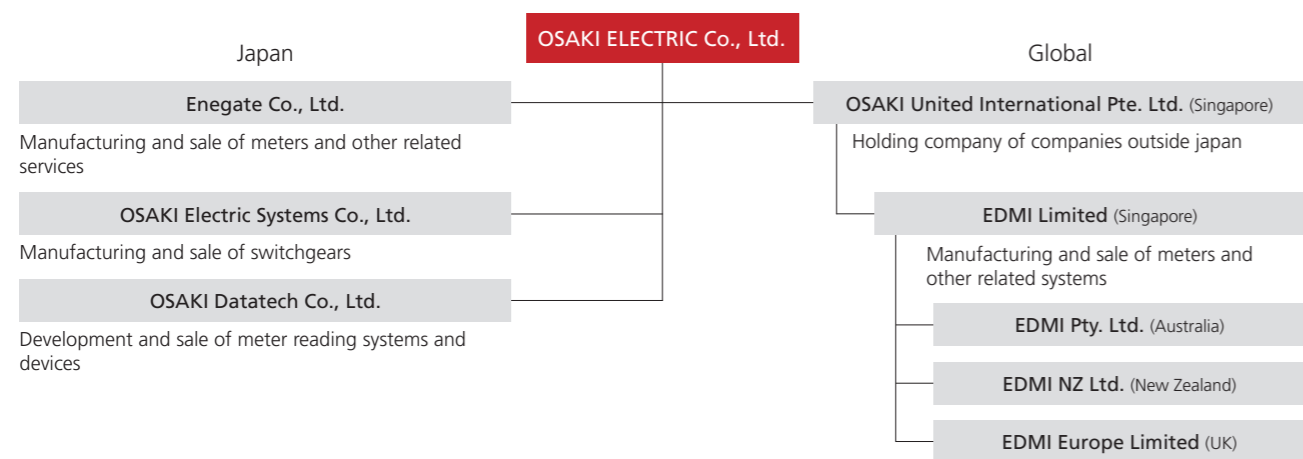
Company Profile

Company Profile (As of 1st December 2022)

Established:	26th January 1937	
Capital:	¥7,965 million (US\$65 million)*	
Number of Employees:	2,961 (consolidated)	
Offices:	Headquarters	2-10-2 Higashi-Gotanda, Shinagawa-ku, Tokyo 141-8646 Phone: +81-3-3443-7171
	Headquarters Annex	the OSAKI ELECTRIC-2nd Bldg., 2-1-12 Higashi-Gotanda, Shinagawa-ku, Tokyo 141-0022
	Saitama Operation Center	1131 Fujikubo, Miyoshimachi, 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

* U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥122.39=U.S.\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2022.

OSAKI Group Companies (As of 1st October 2022)



OSAKI ELECTRIC Consolidated Subsidiaries: 27 companies

Stock Information (As of 31st March 2022)

Common Stock

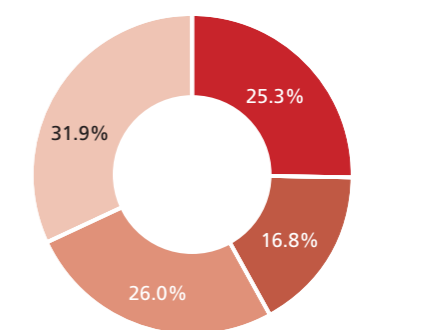
Authorised:	100,000,000
Issued:	48,298,933 (Excluding treasury stocks of 968,247 shares)
Number of Shareholders:	8,500

Major Shareholders

	Number of shares (Thousand shares)	(%)
THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD - SINGAPORE BRANCH PRIVATE BANKING DIVISION CLIENTS A/C 8221-623793	5,392	11.1
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,819	9.9
Custody Bank of Japan, Ltd. (Trust Account)	2,306	4.7
Osaki Electric cooperation company shareholding commission	1,808	3.7
MUFG Bank, Ltd.	1,552	3.2
Kyuden Technosystems Corporation	1,389	2.8
Yoshihide Watanabe	1,168	2.4
Fukoku Mutual Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	1,104	2.2
Chubu Electric Power Company, Incorporated	1,020	2.1
The Kansai Electric Power Company, Incorporated	1,000	2.0

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

Breakdown of Shareholders

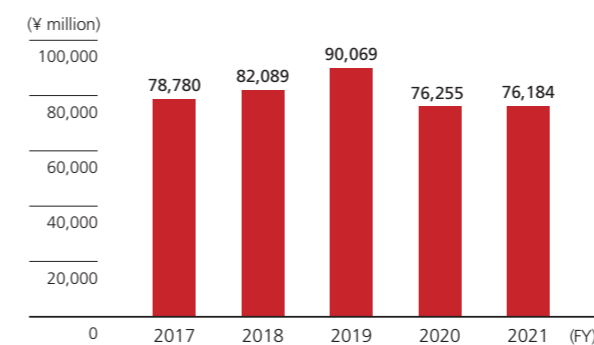


Financial Institutions	25.3%
Japanese Companies	16.8%
Foreign Companies and Individuals	26.0%
Individuals and Others	31.9%

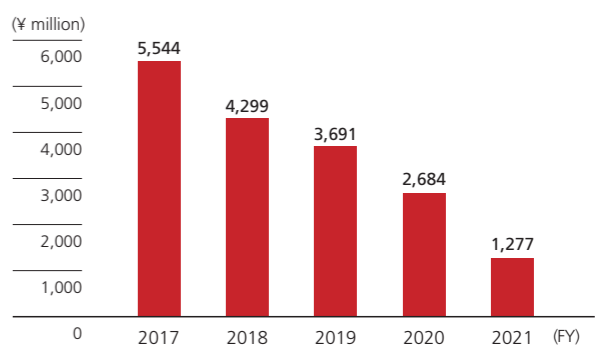
Note: Treasury stocks are included in "Individuals and Others."

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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