



Consolidated Financial Results for the Year Ended March 31, 2022 [Japanese GAAP]

May 12, 2022

Company name: Osaki Electric Co., Ltd.

Stock exchange listing: Tokyo

Code number: 6644

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

Representative: Chairman and CEO

Yoshihide Watanabe

Contact: Director and Managing Executive Officer
Head of Corporate Strategy Division

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Scheduled date of Annual General Meeting of Shareholders: June 28, 2022

Scheduled date of commencing dividend payments: June 29, 2022

Scheduled date of filing annual securities report: June 29, 2022

Availability of supplementary briefing material on annual financial results: Yes

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

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	76,184	(0.1)	1,277	(52.4)	1,189	(58.8)	(658)	-
March 31, 2021	76,255	(15.3)	2,684	(27.3)	2,888	(18.5)	482	(59.7)

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥ 718 million [(57.2)%]
Fiscal year ended March 31, 2021: ¥ 1,678 million [47.8%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	(13.42)	-	(1.4)	1.3	1.7
March 31, 2021	9.84	9.68	1.0	3.1	3.5

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	91,222	57,611	49.6	936.60
March 31, 2021	90,989	58,887	51.2	950.37

(Reference) Equity: As of March 31, 2022: ¥ 45,236 million
As of March 31, 2021: ¥ 46,614 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	4,422	(1,219)	(2,934)	15,335
March 31, 2021	10,503	(1,187)	(6,939)	14,654

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	-	10.00	-	10.00	20.00	980	203.3	2.1
March 31, 2022	-	10.00	-	10.00	20.00	974	-	2.1
Fiscal year ending								
March 31, 2023 (Forecast)	-	10.00	-	10.00	20.00		62.6	

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2022	39,000	8.1	(200)	-	(150)	-	1,300	-	27.59
Full year	80,000	5.0	1,000	(21.7)	1,100	(7.5)	1,500	-	31.96

* Notes:

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

New - (Company name:)

Exclusion: - (Company name:)

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

March 31, 2022: 49,267,180 Shares

March 31, 2021: 49,267,180 Shares

2) Total number of treasury shares at the end of the period:

March 31, 2022: 968,247 Shares

March 31, 2021: 218,762 Shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2022: 49,040,808 Shares

Fiscal Year ended March 31, 2021: 49,016,655 Shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	23,461	(8.4)	(865)	-	23	(97.9)	(77)	-
March 31, 2021	25,610	(10.7)	333	214.7	1,093	30.6	747	46.6

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	(1.57)	-
March 31, 2021	15.24	14.99

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2022	51,551	35,711	68.3	728.83
March 31, 2021	51,726	36,993	70.5	743.84

(Reference) Equity: As of March 31, 2022: ¥ 35,201 million
As of March 31, 2021: ¥ 36,484 million

* Financial results reports are exempt from audit conducted by certificated public accountants or an audit corporation.

* Proper use of business forecasts and other special notes

Described in this statement for the future such as business outlook are based on information we currently have and certain assumptions that we consider reasonable.

Basic earnings per share is calculated using average number of shares during the reported period, with an assumption that treasury shares acquisition will increase and treasury shares disposal will decrease.

Actual performance might significantly vary due to various factors and any reference to future outlook does not represent commitment that it will be achieved.

Conditions for business forecast assumptions and a suggested use of business forecast, please refer to page 8, "1.4. Consolidated Forecasts".

The Company plans to hold a briefing session for Institutional investors and Analysts on June 6, 2022. Documents of the briefing session will be posted on our website immediately on the day of the event.

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1. Business Results (Fiscal year ended March 31, 2022)

1.1 Highlight of Operating Results of this Fiscal Year

- Consolidated sales were decreased by 0.1% year on year to ¥76.2 Billion. Operating income declined by 52.4% to ¥1.28 Billion. Net loss attributable to owners of parent were ¥0.66 billion in contrast to ¥0.48 Billion in profit in the previous fiscal year.
- In Japan, sales of smart meters decreased, in addition to lower sales of smart locks for rental property which recorded good shipments in the previous fiscal year. Profits decreased year on year, due to sales decrease as well as lower profitability caused by a rise in raw material prices.
- In the overseas, shipments to Oceania and UK increased compared to the previous fiscal year where shipments were restricted from the spread of COVID-19. Sales for Iraq (Kurdistan Regional Government), which pushed up the sales in the previous year declined with its demand subsided. All in all, sales and profits increased year on year.

Summary of Consolidated Financial Results for the Year ended March 31, 2022

(Millions of yen)

	FYE Mar '21	FYE Mar '22	YoY change	
			Amount	%
Net sales	76,255	76,184	(71)	(0.1)%
Smart meters & solutions in Japan	48,193	46,006	(2,186)	(4.5)%
Smart meters & solutions overseas	27,301	30,068	2,766	10.1%
Production equipment	960	692	(268)	(27.9)%
Real estate	553	553	0	0.1%
Adjustment	(753)	(1,137)	(384)	-
Operating income	2,684	1,277	(1,407)	(52.4)%
Smart meters & solutions in Japan	3,136	1,225	(1,910)	(60.9)%
Smart meters & solutions overseas	(467)	58	525	-
Production equipment	(264)	(282)	(17)	-
Real estate	270	271	0	0.2%
Adjustment	9	4	(5)	(54.6)%
Ordinary income	2,888	1,189	(1,698)	(58.8)%
Profit attributable to owners of parent	482	(658)	(1,140)	-

1.2 Consolidated Financial Condition

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022	YoY change
Total assets	90,989	91,222	233
Total liabilities	32,101	33,610	1,509
Total equity	58,887	57,611	(1,276)
Equity ratio	51.2%	49.6%	(1.6)%

Total assets at March 31, 2022 were 91,222 million yen, a 233 million yen increase from March 31, 2021. This was mainly due to an increase in inventory by 450 million yen and construction in progress by 412 million yen, while notes and accounts receivable decreased by 450 million yen.

Total liabilities were 33,610 million yen, a 1,509 million yen increase from March 31, 2021. This was mainly due to an increase in other current liabilities by 514 million yen, and notes and accounts payable – trade and electronically recorded obligations – operating by 386 million yen.

Net assets were 57,611 million yen, a 1,276 million yen decrease from March 31, 2021. This was mainly due to a decrease in capital surplus by 1,648 million yen, while foreign currency translation adjustments increased by 451 million yen.

1.3 Cash Flows

Cash and cash equivalents at beginning of period was 15,335 million yen, a 680 million yen increase from the beginning of the previous fiscal year ended March 31, 2021.

(Millions of yen)

	FYE Mar '21	FYE Mar '22	YoY change
Net cash provided by operating activities	10,503	4,422	(6,080)
Net cash provided by investing activities	(1,187)	(1,219)	(31)
Net cash provided by financing activities	(6,939)	(2,934)	4,005
Cash and cash equivalents at end of year	14,654	15,335	680

(1) Net cash provided by operating activities

Net cash provided by operating activities for the year ended March 31, 2022 was 4,422 million yen. This was mainly due to a recording of 1,114 million yen in income before income taxes and minority interests, 2,536 million yen in depreciation and amortization, 1,240 million yen in decrease in notes and accounts receivable – trade, and 353 million yen in decrease in

inventories offset the decrease in cash by recording of income taxes paid in the amount of 1,343 million yen.

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

Net cash used in investing activities for the year ended March 31, 2022 was 1,219 million yen. This was mainly due to payments for property, plant and equipment in the amount of 2,444 million yen.

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

Net cash used in financing activities for the year ended March 31, 2022 was 2,934 million yen. This was mainly due to a decrease in short-term and long-term loans payable overseas by 568 million yen, dividends paid to non-controlling interest in the amount of 1,639 million yen, and payments for repurchase of its own stock in the amount of 406 million yen.

Cash Flow Indicators

	(Millions of yen)		
	FYE Mar '20	FYE Mar '21	FYE Mar '22
Equity ratio	47.8%	51.2%	49.6%
Equity ratio at market value	26.7%	32.8%	24.8%
Cash flow to interest-bearing debt ratio (per annum)	-	0.6	2.1
Interest coverage ratio (times)	-	27.4	15.4

(Note)

Equity ratio: Equity / Total assets

Equity ratio at market value: Market capitalization / Total assets

Cash flow to interest-bearing debt ratio: Interest-bearing debt / Net cash provided by operating activities

Interest coverage ratio: Net cash provided by operating activities / Interest payment

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

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

* Net cash provided by operating activities is equivalent to that of consolidated statements of cash flows in the financial report for the fiscal year ended March 31, 2022. Interest-bearing debt includes all debts with interest payments on the consolidated balance sheets as of March 31, 2022. Interest payments are equivalent to that of consolidated statements of cash flows for the fiscal year ended March 31, 2022.

* Net cash used in operating activities in the fiscal year ended March 31, 2020 is not applicable in calculation. Therefore, cash flow to interest-bearing debt ratio and interest coverage ratio are not applicable.

1.4 Consolidated Forecasts

(1) Consolidated forecasts for the fiscal year ending March 31, 2023

(Millions of yen)

	FYE Mar '22	FYE Mar '23	YoY change	
			Amount	%
Net sales	76,184	80,000	3,815	5.0%
Smart meters & solutions in Japan	46,006	50,000	3,993	8.7%
Smart meters & solutions overseas	30,068	29,000	(1,068)	(3.6)%
Others	1,246	2,100	853	68.5%
Adjustment	(1,137)	(1,100)	37	-
Operating income	1,277	1,000	(277)	(21.7)%
Smart meters & solutions in Japan	1,225	1,500	274	22.4%
Smart meters & solutions overseas	58	(700)	(758)	-
Others	(11)	200	211	-
Adjustment	4	-	(4)	(100.0)%
Ordinary income	1,189	1,100	(89)	(7.5)%
Profit attributable to owners of parent	(658)	1,500	2,158	-

Sales of Smart meters & solutions in Japan are expected to increase due to a recovery in smart meter sales, which were negatively impacted from a worldwide shortage of electronic components, and an increase in sales of energy management system and services, which were affected by the spread of COVID-19 virus. Profits are expected to increase, although limited in amount. This is due to an anticipated raise in material costs, including non-iron metals, despite an expected increase in sales.

As for Smart meters & solutions overseas, Oceania is expected to show steady growth. However, overall sales are expected to decrease due mainly to a decrease in shipments to U.K. from difficulty to procure electronic components. Profits are expected to decline from sales decrease and anticipated raise in material costs and shipping expenses.

All in all, consolidated sales for the fiscal year ending March 31, 2023 are expected to increase by 5.0% to 80,000 million yen. Operating income and ordinary income are expected to decrease by 21.7% to 1,000 million yen and 7.5% to 1,100 million yen respectively. Profit attributable to owners of parent include extra gain from sale of overseas subsidiary as announced on March 30, 2022, and expected to increase to 1,500 million yen from loss of 658 million yen recorded in the fiscal year ended March 31, 2022.

(2) Mid-term Management Plan

(Millions of yen)

	FYE Mar '23	FYE Mar '24	FYE Mar '25	FYE Mar '27
	Forecast	Outlook	Outlook	Mid-term Target
Net sales	80,000	83,000	85,000	
Operating income	1,000	2,800	4,000	
Ordinary income	1,100	2,900	4,100	
Profit attributable to owners of parent	1,500	1,600	2,600	
ROE	3.5%	3.5%	5.5%	8.0% (or higher)

1.5 Fundamental Policy Regarding Distribution of Profits

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

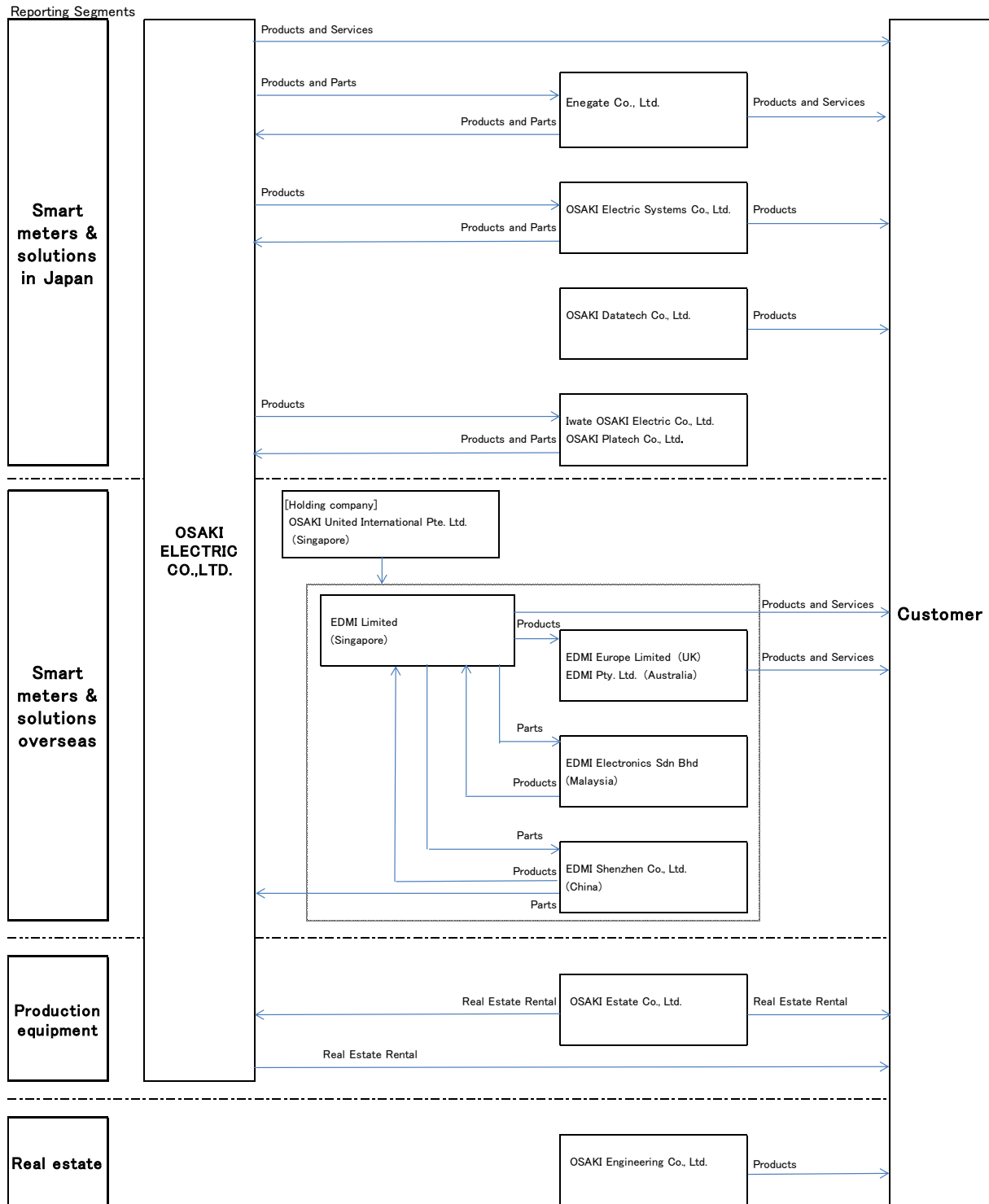
The basic policy states that, in principle, the amount distributed is higher of either a dividend payout ratio of 30% or 2% of DOE (dividend on equity).

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

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

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

1.6 OSAKI ELECTRIC Group Structure



1.7 Business and Other Risks

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

(1) Market fluctuations

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

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

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

(2) Price competition

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

(3) Supply chain risks

a. Procurement of parts and materials

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

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

b. Cost of parts and materials

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

(4) Overseas business

The Group's overseas business operations are mainly in Oceania, Europe, and other emerging countries. Overseas sales accounted for approximately 40% of the consolidated net sales for the year ended March 31, 2022. OSAKI's executives concurrently serves as Directors at its overseas subsidiary, recognizing that overseas business is essential in the mid to long term growth of the Group. Management recognizes the importance in close communication with overseas subsidiaries and information regarding operations and risks are reported in a timely manner. In response to reducing country risk, the Group operates production at multiple sites, including outsourcing, across multiple countries.

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

(5) Business strategies

OSAKI Group strives to expand our solutions business domestically and overseas as a new drive for sustainable growth.

The Group views that establishing solutions business in highly competitive industries and generating stable earnings takes certain period of time. The Group will re-examine the business strategies in a timely manner if the outcome of the solutions business does not reach the expected scale or profits. Therefore, failure in launching a new source of sustainable growth may lower the Group's profitability.

(6) Quality of products and services

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

(7) Research and development

OSAKI Group is strengthening R&D aimed at expanding our solutions business in and outside of Japan. However, the markets where the Group targets to enter are characterized by constant introduction of new technologies, and if the Group is unable to carry out appropriate research and development to meet market demand, the Group's performance may be affected. In addition, the risk of intellectual property infringement is generally heightened in the field of the solutions business.

(8) Fluctuations in foreign exchange and interest rates

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

(9) Sustainability

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

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

(10) Risks Associated with Disasters

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

2.Consolidated Financial Statements

2.1 Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of March 31,2022
Assets		
Current assets		
Cash and deposits	12,502	11,857
Deposits paid	4,722	3,546
Notes and accounts receivable - trade	17,887	-
Notes and accounts receivable - trade, and contract assets	-	17,436
Merchandise and finished goods	6,220	6,031
Work in process	2,175	3,165
Raw materials and supplies	7,262	6,911
Other	2,770	3,234
Allowance for doubtful accounts	(450)	(530)
Total current assets	53,090	51,653
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,983	23,253
Accumulated depreciation	(13,998)	(14,372)
Buildings and structures, net	8,985	8,880
Machinery, equipment and vehicles	14,576	15,344
Accumulated depreciation	(11,547)	(12,346)
Machinery, equipment and vehicles, net	3,028	2,998
Land	12,483	12,830
Leased assets	3,702	3,527
Accumulated depreciation	(1,578)	(1,681)
Leased assets, net	2,123	1,845
Construction in progress	113	526
Other	7,090	7,303
Accumulated depreciation	(6,369)	(6,613)
Other, net	720	689
Total property, plant and equipment	27,455	27,770
Intangible assets		
Goodwill	191	-
Other	988	868
Total intangible assets	1,180	868
Investments and other assets		
Investment securities	5,067	5,229
Retirement benefit asset	1,384	1,525
Deferred tax assets	1,293	1,372
Other	1,518	2,805
Allowance for doubtful accounts	(1)	(3)
Total investments and other assets	9,262	10,930
Total non-current assets	37,898	39,568
Total assets	90,989	91,222

(Million yen)

	As of March 31,2021	As of March 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,270	7,324
Electronically recorded obligations - operating	2,632	2,965
Short-term borrowings	559	6,926
Income taxes payable	722	502
Provision for bonuses	1,505	1,656
Provision for bonuses for directors (and other officers)	23	48
Provision for product warranties	156	473
Other	6,089	6,604
Total current liabilities	18,962	26,502
Non-current liabilities		
Long-term borrowings	6,210	-
Lease liabilities	1,648	1,612
Provision for retirement benefits for directors (and other officers)	49	42
Provision for repairs	14	21
Retirement benefit liability	2,346	2,479
Deferred tax liabilities	2,119	2,154
Other	751	798
Total non-current liabilities	13,139	7,108
Total liabilities	32,101	33,610
Net assets		
Shareholders' equity		
Share capital	7,965	7,965
Capital surplus	8,750	8,750
Retained earnings	27,319	25,670
Treasury shares	(140)	(487)
Total shareholders' equity	43,895	41,900
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	988	1,119
Foreign currency translation adjustment	1,216	1,667
Remeasurements of defined benefit plans	514	549
Total accumulated other comprehensive income	2,718	3,336
Share acquisition rights	509	509
Non-controlling interests	11,764	11,865
Total net assets	58,887	57,611
Total liabilities and net assets	90,989	91,222

2.2 Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Net sales	76,255	76,184
Cost of sales	58,913	59,808
Gross profit	17,342	16,375
Selling, general and administrative expenses	14,657	15,097
Operating profit	2,684	1,277
Non-operating income		
Interest income	25	21
Dividend income	146	155
Subsidy income	459	206
Other	132	144
Total non-operating income	764	528
Non-operating expenses		
Interest expenses	384	288
Foreign exchange losses	55	191
Other	120	136
Total non-operating expenses	560	616
Ordinary profit	2,888	1,189
Extraordinary losses		
Impairment losses	357	74
Total extraordinary losses	357	74
Profit before income taxes	2,530	1,114
Income taxes - current	1,174	952
Income taxes - deferred	(81)	61
Total income taxes	1,093	1,013
Profit	1,437	100
Profit attributable to non-controlling interests	955	759
Profit (loss) attributable to owners of parent	482	(658)

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Profit	1,437	100
Other comprehensive income		
Valuation difference on available-for-sale securities	400	131
Foreign currency translation adjustment	(490)	451
Remeasurements of defined benefit plans, net of tax	330	34
Total other comprehensive income	240	617
Comprehensive income	1,678	718
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	723	(40)
Comprehensive income attributable to non-controlling interests	955	759

2.3 Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,965	8,750	27,818	(223)	44,312
Changes during period					
Dividends of surplus			(979)		(979)
Profit attributable to owners of parent			482		482
Disposal of treasury shares			(1)	82	80
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(498)	82	(416)
Balance at end of period	7,965	8,750	27,319	(140)	43,895

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	587	1,706	183	2,477	544	11,303	58,637
Changes during period							
Dividends of surplus							(979)
Profit attributable to owners of parent							482
Disposal of treasury shares							80
Net changes in items other than shareholders' equity	400	(490)	330	240	(34)	460	666
Total changes during period	400	(490)	330	240	(34)	460	250
Balance at end of period	988	1,216	514	2,718	509	11,764	58,887

For the fiscal year ended March 31,2022

(Million yen)

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

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

2.4 Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from operating activities		
Profit before income taxes	2,530	1,114
Depreciation	2,749	2,536
Impairment losses	357	74
Amortization of goodwill	197	203
Increase (decrease) in allowance for doubtful accounts	(54)	31
Increase (decrease) in provision for bonuses	(222)	115
Increase (decrease) in provision for bonuses for directors (and other officers)	4	22
Increase (decrease) in provision for product warranties	127	315
Increase (decrease) in provision for retirement benefits for directors (and other officers)	15	(6)
Increase (decrease) in retirement benefit liability	69	133
Decrease (increase) in retirement benefit asset	(31)	(90)
Increase (decrease) in provision for repairs	7	7
Interest and dividend income	(172)	(177)
Interest expenses	384	288
Loss on retirement of non-current assets	77	55
Decrease (increase) in trade receivables	3,530	1,240
Decrease (increase) in inventories	4,265	353
Increase (decrease) in trade payables	(476)	36
Other, net	(1,264)	(379)
Subtotal	12,094	5,874
Interest and dividends received	174	179
Interest paid	(382)	(288)
Income taxes paid	(1,383)	(1,343)
Net cash provided by (used in) operating activities	10,503	4,422
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,332)	(2,444)
Proceeds from sale of property, plant and equipment	10	7
Purchase of intangible assets	(350)	(256)
Proceeds from sale of investment securities	8	-
Proceeds from sale of membership	-	2
Payments for long-term deposits paid	-	(1,000)
Proceeds from long-term deposits	500	2,500
Other, net	(24)	(28)
Net cash provided by (used in) investing activities	(1,187)	(1,219)

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,181)	(558)
Repayments of long-term borrowings	(26)	(10)
Repayments of lease liabilities	(258)	(319)
Dividends paid	(979)	(981)
Dividends paid to non-controlling interests	(494)	(658)
Purchase of treasury shares	-	(406)
Other, net	0	-
Net cash provided by (used in) financing activities	(6,939)	(2,934)
Effect of exchange rate change on cash and cash equivalents	(87)	411
Net increase (decrease) in cash and cash equivalents	2,288	680
Cash and cash equivalents at beginning of period	12,366	14,654
Cash and cash equivalents at end of period	14,654	15,335

2.5 Notes to Consolidated Financial Statements

(Business Segments)

Sales, Profits or Losses, Assets, Liabilities and Other items by Reporting Segments

Fiscal year ended Mar 31, 2021

(Millions of yen)

	Reporting Segments					Adjustment (Remarks1)	Consolidated
	Smart meters & solutions in Japan	Smart meters & solutions overseas	Production equipment	Real estate	Total		
Sales to Customers	48,169	26,678	960	448	76,255	—	76,255
Intersegment Sales	24	622	0	105	753	(753)	—
Total sales	48,193	27,301	960	553	77,009	(753)	76,255
Operating Income	3,136	(467)	(264)	270	2,675	9	2,684

(Remarks)

1. The segment income or loss are adjusted by intersegment transaction eliminations.
2. For the Smart meters & solutions in Japan Business and the Production equipment Business, an impairment loss of fixed assets of 325 million yen and 31 million yen are respectively recognized and booked as an extraordinary loss.

Fiscal year ended Mar 31, 2022

(Millions of yen)

	Reporting Segments					Adjustment (Remarks1)	Consolidated
	Smart meters & solutions in Japan	Smart meters & solutions overseas	Production equipment	Real estate	Total		
Sales to Customers	45,983	29,095	657	448	76,184	—	76,184
Intersegment Sales	23	972	35	105	1,137	(1,137)	—
Total sales	46,006	30,068	692	553	77,321	(1,137)	76,184
Operating Income	1,225	58	(282)	271	1,272	4	1,277

(Remarks)

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

(Per Share Information)

	Fiscal year ended Mar 31, 2021	Fiscal year ended Mar 31, 2022
Net assets per share	¥950.37	¥936.60
Basic earnings / loss per share	¥9.84	¥(13.42)
Diluted earnings per share	¥9.68	—

(Remarks) Basis of calculation of basic earnings/loss per share and diluted earnings per share

	Fiscal year ended Mar 31, 2021	Fiscal year ended Mar 31, 2022
Profit/loss attributable to owners of parent (millions of yen)	482	(658)
Amount non-attributable to common stockholder (millions of yen)	—	—
Profit/loss attributable to owners of parent for common share (millions of yen)	482	(658)
Average number of shares during the period of common share (thousands of shares)	49,016	49,040
Profit adjustment attributable to owners of parent used to calculate the diluted earnings per share (millions of yen)	—	—
Number of increase common share used to calculate the diluted earnings per share (thousands of shares)	830	—
Stock compensation type share acquisition rights		
Overview of dilutive share excluded from the calculation of diluted earnings per share due to non-dilutive effect	—	—

(Remarks) Diluted earnings per share for this consolidated fiscal year ended 31 Mar 2022 is not stated due to loss per share although there are dilutive shares.

(Significant Subsequent Events)

Transfer of shares and tangible assets in a Consolidated Subsidiary

The Company resolved at the meeting of the Board of Directors held on May 11, 2021, that its subsidiary EDMI Limited to transfer all shares in Quantum Automation Pte Ltd, a wholly owned subsidiary of EDMI, to Totech Corporation.

The transfer of all shares of Quantum Automation Pte Ltd. was complete on March 30, 2022, along with a transfer of all real estate property including the headquarters used by Quantum Automation.

1. Outline of the transfer

(1) Name of the transferee

Totech Corporation

(2) Date of transfer

March 30, 2022

(3) Name of parties involved in the event, business and relationships

A) Name: Quantum Automation Pte Ltd

B) Business outline: Development, integration and maintenance of building automation systems

C) Business relationships: not applicable

(4) Number of shares transferred, amount of sales by transfer, gain or loss on transfer, share ratio after the transfer

A) Number of shares transferred: 2,000,000 shares

B) Amount of sales by transfer: U.S. dollars equivalent to 4,000 million yen

C) Gain or loss on transfer: To be recorded as extraordinary gain from sale of a subsidiary in the amount of 1.73 billion yen in the first quarter ending June 30, 2022

D) Share ratio after the transfer: - %

2. Transfer of tangible assets

(1) Location and contents of tangible assets

A) Location: 9 Senoko Drive Singapore 758197

B) Contents of tangible assets: real estate property

(2) Gain or loss on transfer

To be recorded as extraordinary gain from sale of tangible assets in the amount of 0.28 billion yen in the first quarter ending June 30, 2022

(3) Outline of the transferee

A) Name: Quantum Automation Pte Ltd

B) Business outline: Development, integration and maintenance of building automation systems

C) Business relationships: not applicable

(4) Date of transfer:

March 23, 2022

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

*Full English translation of the notes to the financial statements will be added later.

*Forward-Looking Statements

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

About OSAKI

OSAKI ELECTRIC is one of the leading smart meter companies in the world. OSAKI Group is focused on designing, developing and manufacturing innovative and technologically advanced energy meters and metering systems for the global utility industry. The Group's business portfolio includes a comprehensive range of premium quality metering products, energy management systems and IoT/AI integrated smart services.

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