



May 11, 2021

Company name: Osaki Electric Co., Ltd.
Representative: Chairman and CEO
Yoshihide Watanabe
(Code: 6644, TSE 1st Section)
Contact: Director and Managing Executive Officer
Head of Corporate Strategy Division
Ryuichi Ueno

Notice of Transfer of Shares in a Consolidated Subsidiary
and Recording of an Extraordinary Gain

Osaki Electric Co., Ltd. (Tokyo, hereinafter “Osaki”) announces that at a meeting of the Board of Directors held on May 11, 2021, the Company resolved that its subsidiary EDM I Limited (Singapore, hereinafter “EDMI”) to transfer all shares in Quantum Automation Pte Ltd (Singapore, hereinafter “QA”), a wholly owned subsidiary of EDM I, to Totech Corporation (hereinafter “Totech”). Accordingly, QA will be out of the Osaki’s scope of consolidation, and Osaki plans to record the extraordinary gain in the fiscal year ending March 31, 2022.

Details are as follows.

1. Reason of the stock transfer

Since acquiring OSAKI United International Pte. Ltd. (hereafter “OUI”) in 2012, Osaki has sought to expand in global markets through its subsidiaries; electricity meter business through EDM I and building automation business through QA.

By selling QA, which mainly provides building automation systems, Osaki will concentrate its overseas management resources on the meter and solutions business, the Group’s core business, to maximize the its enterprise value in global markets. Osaki will effectively use the cash to be generated from the stock transfer for working capital of EDM I to accelerate its growth, as well as investments such as M&A.

2. Outline of EDM I

(1) Name	EDMI Limited
(2) Address	47 Yishun Industrial Park A, Singapore 768724
(3) Title and name of representative	Chief Executive Officer : How New Seng
(4) Business	Development, manufacture and sale of electric meters and related solutions
(5) Capital	54,346 thousand Singapore dollars

3. Outline of the subsidiary to be sold (QA)

(1) Name	Quantum Automation Pte Ltd			
(2) Address	9 Senoko Drive Singapore 758197			
(3) Title and name of representative	Director and Chief Executive Officer: Ng Cheng Leng			
(4) Business	Development, integration and maintenance of building automation systems			
(5) Capital	2,000 thousand Singapore dollars			
(6) Established	December 3, 1979			
(7) Major shareholder and its shareholding	EDMI Limited 100%			
(8) Relationships between Osaki and QA	Capital relationship	As stated in (7) above, Osaki indirectly owns a 100% stake in QA.		
	Human resource relationship	Not applicable		
	Business relationship	Not applicable		
(9) Consolidated operating results and financial position for the past three years (thousand U.S. dollars)				
	Fiscal Year ended December 2018	Fiscal Year ended December 2019	Fiscal Year ended December 2020 *	
Consolidated net assets	10,201	12,732	16,098	¥1,666 million
Consolidated total assets	19,236	21,596	25,834	¥2,673 million
Consolidated total assets per share	U.S. \$5.10	U.S. \$6.37	U.S. \$8.05	¥833.08
Consolidated net sales	28,910	29,953	22,020	¥2,350 million
Consolidated operating income	2,312	2,606	1,469	¥156 million
Consolidated ordinary income	2,520	2,833	3,294	¥351 million
Consolidated net income	2,186	2,375	3,008	¥321 million
Consolidated net income per share	U.S. \$1.09	U.S. \$1.19	U.S. \$1.50	¥160.62
Dividends per share	—	—	—	—

* Exchange rates for the Fiscal Year ended December 2020 are as follows:

Year-end rate: 103.50 yen against the U.S. dollar

Average for the year: 106.76 yen against the U.S. dollar

4. Outline of the transferee

(1) Name	Totech Corporation	
(2) Address	3-11-11 Nihonbashi Honcho, Chuo-ku, Tokyo	
(3) Title and name of representative	Representative Director and President, Katsumi Nagao	
(4) Business	Sale, installation, and maintenance of air conditioning, energy-saving and control equipment; instrumental work and development, installation and maintenance of other construction work	
(5) Capital	¥1,857 million (as of December 31, 2020)	
(6) Established	July 6, 1955	
(7) Consolidated net assets	¥36,330 million (as of December 31, 2020)	
(8) Consolidated total assets	¥81,238 million (as of December 31, 2020)	
(9) Major shareholders and their shareholding ratio (as of September 30, 2020)	<p>Nippon Ray Co., Ltd; 12.87%</p> <p>Daikin Industries, Ltd. 7.31%</p> <p>BBH FOR FIDELITY LOW – PRICED STOCK FUND(PRINCIPAL ALL SECTOR SUBPORTFOLIO) 6.47%</p> <p>Totech Employee Stock Ownership 6.37%</p> <p>Mizuho Bank, Ltd. 4.90%</p> <p>Sumitomo Mitsui Banking Corporation 4.90%</p> <p>Sumitomo Corporation 4.61%</p> <p>Kazuyuki Kusano 2.87%</p> <p>Showa Manufacturing Co., Ltd. 2.76%</p> <p>The Master Trust Bank of Japan, Ltd. 2.67%</p>	
(10) Relationships between Osaki and Totech	Capital relationship	Not applicable
	Human resource relationship	Not applicable
	Business relationship	Not applicable
	Related party or not	Totech is not a related party of Osaki. No persons concerned with or affiliates of Totech are related parties of Osaki.

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

(1) Number of shares held before the transfer	2,000,000 shares (Number of voting rights: 2,000,000) (Ratio of voting rights owned: 100%)
(2) Number of shares to be transferred	2,000,000 shares (Number of voting rights: 2,000,000) (Transfer price: U.S. dollar equivalent to 4 billion yen)
(3) Number of shares held after the transfer	0 share (Number of voting rights: 0) (Ratio of voting rights owned: 0%)

6. Schedule

(1) Resolution of Board of Directors	May 11, 2021
(2) Conclusion of agreement	May 11, 2021
(3) Stock transfer	September 30, 2021 (planned)

7. Outlook

In association with the stock transfer, the Company will record **the extraordinary gain of 1.68 billion yen** in the Second half of Fiscal Year ending March 31, 2022. This extraordinary gain is included in the Consolidated Forecasts for the Fiscal Year ending March 31, 2022 announced today.

* The forecast of 1.68 billion yen of the extraordinary gain may differ depending on such factor as a change in the exchange rate.

End of notice