

(Translation)

## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 [J-GAAP]

May 13, 2020

Listed Company Name: Oki Electric Industry Co., Ltd.

Securities Code: 6703

Stock Exchange Listing: Tokyo Stock Exchange

URL: <http://www.oki.com/>

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Date of Ordinary General Meeting of Shareholders (Scheduled): June 26, 2020

Commencement of Dividend Payment (Scheduled): June 29, 2020

Filing of Securities Report (Scheduled): June 26, 2020

Supplementary Document on Financial Results: Yes

Financial Results Briefing: Yes (for institutional investors)

(Amounts less than one million yen have been truncated)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

#### (1) Consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2020	457,223	3.6	16,829	(4.0)	13,804	(10.8)	14,086	67.6
March 31, 2019	441,452	0.8	17,522	126.9	15,477	81.8	8,405	42.7

(Note) Comprehensive income: Fiscal year ended March 31, 2020: ¥11,306million (216.1%)  
Fiscal year ended March 31, 2019: ¥3,576 million ([53.0]%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2020	162.80	162.51	13.7	3.7	3.7
March 31, 2019	97.16	97.03	8.4	4.2	4.0

(Reference) Share of profit (loss) of entities accounted for using equity method:  
Fiscal year ended March 31, 2020: ¥131 million  
Fiscal year ended March 31, 2019: ¥214 million

#### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	372,471	106,440	28.5	1,227.42
As of March 31, 2019	365,503	100,200	27.3	1,155.28

(Reference) Shareholders' equity: As of March 31, 2020: ¥106,205 million  
As of March 31, 2019: ¥99,941 million

### (3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2020	32,547	(2,972)	(9,224)	46,517
March 31, 2019	6,364	(12,099)	(12,971)	26,823

### 2. Dividends

	Dividend per share					Total dividend amount (Annual)	Dividend payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2019	–	0.00	–	50.00	50.00	4,325	51.5	4.3
March 31, 2020	–	0.00	–	50.00	50.00	4,326	30.7	4.2
Fiscal year ending March 31, 2021 (Projection)	–	–	–	–	–		–	

Note: Dividends for the fiscal year ending March 2021 have not yet determined.

### 3. Consolidated Results Projection for the Fiscal Year Ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

As it is extremely difficult to estimate rational future estimation due to the global spread of novel coronavirus diseases (COVID-19), we have not yet established forecasts of business results for the fiscal year ending March 31, 2021. We will make an announcement regarding consolidated earnings forecasts promptly as soon as we are able to do so.

#### Notes:

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates and restatements
  - 1) Changes in accounting policies in accordance with revision of accounting standards, etc.: Yes
  - 2) Any changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Restatements: None
- (3) Number of shares issued (common stock)
  - 1) Number of shares issued at the end of the period (including treasury shares)
    - As of March 31, 2020: 87,217,602 shares
    - As of March 31, 2019: 87,217,602 shares
  - 2) Number of treasury shares at the end of the period
    - As of March 31, 2020: 690,583 shares
    - As of March 31, 2019: 709,516 shares
  - 3) Average number of shares during the period
    - Fiscal Year ended March 31, 2020: 86,529,076 shares
    - Fiscal Year ended March 31, 2019: 86,508,750 shares

(Note) For information on the number of shares for the basis for calculating basic earnings per share (consolidated), please refer to "Per Share Information" on page 16 of the Attachment.

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Non-consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2020	249,231	15.4	4,202	66.4	14,228	51.1	16,890	99.7
March 31, 2019	215,960	5.9	2,525	–	9,417	304.6	8,457	–

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended				
March 31, 2020	195.20		194.85	
March 31, 2019	97.77		97.63	

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	286,063	89,264	31.1	1,029.65
As of March 31, 2019	265,944	79,722	29.9	920.02

(Reference) Shareholders' equity: As of March 31, 2020: ¥89,092 million  
As of March 31, 2019: ¥79,589 million

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

Explanation regarding appropriate use of results projection and other special notes

(Warning on forward-looking statements)

As it is extremely difficult to estimate rational future estimation due to the global spread of novel coronavirus diseases (COVID-19), we have not yet established forecasts of business results for the fiscal year ending March 31, 2021. We will make an announcement regarding consolidated earnings forecasts promptly as soon as we are able to do so. For more detail, please refer to “Outlook for the fiscal year ending March 31, 2021” of “1. Overview of Operating Results and Others, (1) Analysis of Operating Results” on page 4 of the Attachment.

(How to obtain supplementary document on financial results)

The Company is scheduled to hold a financial results briefing for institutional investors on May 13, 2020 (Wednesday). The document on financial results is disclosed on TDNet at the same time as this Summary of Consolidated Financial Results and is also made available on the Company's website on the same day.

## Contents of the Attachment

1. Overview of Operating Results and Others .....	2
(1) Analysis of Operating Results .....	2
(2) Analysis of Financial Position .....	5
(3) Basic Policy Concerning the Distribution of Profits and the Dividend Distributions for the Fiscal Year Ended March 31, 2020 and the Fiscal Year Ending March 31, 2021 .....	5
2. Basic Approach to the Selection of Accounting Standards .....	5
3. Consolidated Financial Statements .....	6
(1) Consolidated Balance Sheets .....	6
(2) Consolidated Statements of Income and Comprehensive Income .....	8
(Consolidated Statements of Income) .....	8
(Consolidated Statements of Comprehensive Income) .....	9
(3) Consolidated Statements of Changes in Equity .....	10
(4) Consolidated Statements of Cash Flows .....	12
(5) Notes to Consolidated Financial Statements .....	13
(Notes Relating to Going Concern Assumption).....	13
(Changes in Accounting Policy).....	13
(Additional Information).....	13
(Segment Information).....	14
(Per Share Information).....	16
(Significant Subsequent Event).....	17

## 1. Overview of Operating Results and Others

### (1) Analysis of Operating Results

#### 1) Results of operations for the fiscal year under review (April 1, 2019 to March 31, 2020)

The digital transformation in society is accelerating, and business environment in OKI continues to change dramatically. On the other hand, these changes are also creating new business opportunities.

In this business environment, OKI has developed its business based on the highly reliable manufacturing technologies that are a strength of the Group. Also, using an installed base and customer base OKI has built up over its history of more than 130 years as the source for creating corporate value, OKI has been working to integrate network, sensing, data processing and analysis technologies to match new needs and expand its business.

For the business conditions in the fiscal year ended March 31, 2020, the ICT business showed strong progress, and the net sales were ¥457.2 billion, a ¥15.7 billion or 3.6% increase year-on-year.

In terms of profits, it was steady partly due to the effects of business structure reforms implemented in the previous fiscal year besides the increased sales. However, besides the forex impact, toward the end of the fiscal year, the COVID-19 spread world-widely, and caused a decline in operation at our Shenzhen-plant. As a result, operating income was ¥16.8 billion, a decrease of ¥0.7 billion year-on-year, and ordinary income was ¥13.8 billion, a decrease of ¥1.7 billion year-on-year.

Profit attributable to owners of parent was ¥14.1 billion, an increase of ¥5.7 billion year-on-year. A gain on sales of non-current assets of ¥4.8 billion along with the reviewing the offices and etc., and a gain on sales of investment securities of ¥4.4 billion, resulting from reducing cross-shareholdings were recorded for extraordinary income, while the business restructuring expenses of ¥2.4 billion related to mainly the business transfer of the Brazilian subsidiary were recorded for the extraordinary losses.

Starting from this fiscal year, the application scope of using the percentage-of-completion method was expanded mainly in the ICT business, resulting in an increase in net sales of ¥10.5 billion, and decreases in operating income of ¥0.1 billion and ordinary income of ¥0.1 billion.

(Billions of yen)	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Year-on-year change rate
Net sales	457.2	441.5	3.6%
Operating income	16.8	17.5	(4.0)%
Ordinary income	13.8	15.5	(10.8)%
Profit attributable to owners of parent	14.1	8.4	67.6%

Net sales and operating income to external customers by business were as follows.

#### <ICT>

Net sales came to ¥229.1 billion (a year-on-year increase of 24.3% or ¥44.8 billion). In this fiscal year, in addition to the impact of sales standards and a large-scale project for building networks for telecom carriers, there were also many needs related to social infrastructure, which led to a significant increase.

Operating income came to ¥20.8 billion, a year-on-year increase of ¥6.1 billion due to steady growth in net sales.

(Billions of yen)	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Year-on-year change rate
Net sales	229.1	184.3	24.3%
Operating income	20.8	14.7	42.0%

<Mechatronics Systems>

Net sales came to ¥70.7 billion (a year-on-year decrease of 14.5% or ¥12.0 billion). Besides the completion of a large-scale project for cash handling equipment in the previous fiscal year, the suspension of operations at the Shenzhen Plant, our main plant, due to the COVID-19, net sales decreased.

Operating loss was ¥0.3 billion, a deterioration of ¥0.4 billion year-on-year. Although the decrease in sales was offset by the effects of business restructuring in the previous fiscal year, a decrease in plant operations affected production and sales.

(Billions of yen)	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Year-on-year change rate
Net sales	70.7	82.7	(14.5)%
Of which, sales in Japan	49.5	61.7	(19.7)%
sales in overseas	21.2	21.0	0.9%
Operating income (loss)	(0.3)	0.1	–

<Printers>

Net sales came to ¥92.3 billion (a year-on-year decrease of 10.0% or ¥10.3 billion). Other than the decrease in sales of office-use printers in the European market, the yen appreciation also had negative impact on revenue.

Operating income was ¥2.8 billion (a year-on-year decrease of ¥2.9 billion) due to a decline in sales and the impact of yen appreciation against the Euro.

(Billions of yen)	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Year-on-year change rate
Net sales	92.3	102.6	(10.0)%
Of which, sales in Japan	29.0	28.8	0.9%
sales in overseas	63.3	73.8	(14.2)%
Operating income	2.8	5.7	(51.7)%

<EMS>

Net sales were ¥59.8 billion (a year-on-year decrease of 9.7% or ¥6.4 billion) due to a decrease in sales to FA-related products and semiconductor-related customers and a delay in material procurement.

Operating income was ¥2.1 billion (a year-on-year decrease of ¥1.6 billion).

(Billions of yen)	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Year-on-year change rate
Net sales	59.8	66.2	(9.7)%
Operating income	2.1	3.7	(44.4)%

\* The figures for the fiscal year ended March 31, 2019 have been restated.

<Others>

Net sales came to ¥5.4 billion (a year-on-year decrease of 4.9% or ¥0.2 billion) and operating income came to ¥0.4 billion (a year-on-year decrease of ¥0.5 billion).

(Billions of yen)	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Year-on-year change rate
Net sales	5.4	5.6	(4.9)%
Operating income	0.4	0.9	(54.4)%

\* The figures for the fiscal year ended March 31, 2019 have been restated.

2) Outlook for the fiscal year ending March 31, 2021

In the current economic environment, due to the spread of the COVID-19 worldwide, measures against infectious diseases, such as restrictions on the movement of people and blockades of cities, have been taken in each country and region, and this has had a major impact on economic activities both in Japan and overseas. In addition, it is difficult to foresee the resolution of infectious diseases, and uncertainty about the global economy and the Japanese economy is increasing.

As for the impact of the COVID-19 on the OKI Group's business activities, in the fiscal year ended March 2020, there was a certain impact on sales and profits due to delays in production activities, such as the suspension of operations at the Shenzhen Plant and postponement of delivery due to restrictions on the movement of people. On the other hand, the following effects are expected in the fiscal year ending March 2021.

- Some of our important customers in the ICT business, such as transportation and passenger industries are significantly affected by the refraining of outings following the declaration of an emergency situation, and there is concern that this may affect their investment plans.
- As for ATMs outside Japan, the impact of lockdowns have been seen mainly in Asia (India, Indonesia, etc.), and the timing of bidding by financial institutions in each country is uncertain.
- In the area of Printers, there is concern that restrictions on outings and the promotion of work from home in Europe and the Americas will lead to a decrease in demand for printing at offices, which will have a significant impact on sales of consumables.
- In terms of overall production, some parts of the supply chain are affected.

However, as it is currently difficult to reasonably estimate the impact of COVID-19, we have not yet determined the consolidated earnings forecast for the fiscal year ending March 2021.

The announcement of the New Medium-term Management Plan, which will start in the fiscal year ending March 2021, has been postponed due to the ongoing investigation into the impact of the COVID-19 on our business.

In the future, we will announce each of them as soon as it becomes possible to disclose them.

Although the Company believes that its financial risk is limited, in order to cope with unexpected changes in the market environment, the Company has shifted to long-term loans and increased cash reserves.

(Warning on forward-looking statements)

The forward-looking statements including the projection for the financial results contained in this document are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable, and actual results may differ from such statements due to a variety of factors. Major factors that may affect actual results include market trends, a sharp rise in raw material prices, abrupt currency fluctuations and disasters. It should be noted, however, that factors that may affect actual results are not limited to these items.

## (2) Analysis of Financial Position

### 1) Assets, liabilities, and net assets at the end of the fiscal year under review

At the end of the fiscal year under review, total assets increased by ¥7.0 billion from the end of the previous fiscal year to ¥372.5 billion. Shareholders' equity increased by ¥6.3 billion from the end of the previous fiscal year to ¥106.2 billion due to factors such as the decrease of ¥2.8 billion in accumulated other comprehensive income and distribution of ordinary dividends of ¥4.3 billion, despite the recording of profit attributable to owners of parent of ¥14.1 billion.

As a result, shareholders' equity ratio stood at 28.5%.

With respect to major increases and decreases in assets, there were increases of ¥19.5 billion in cash and deposits, while inventories decreased by ¥12.4 billion.

Liabilities remained at the same level as at the end of the previous fiscal year, at ¥266.0 billion. Loans payable decreased by ¥0.9 billion from ¥78.6 billion at the end of the previous fiscal year to ¥77.7 billion.

### 2) Cash flows for the fiscal year under review

Net cash provided by operating activities amounted to ¥32.5 billion (¥6.4 billion of cash inflow for the previous fiscal year), due to the recording of profit before income taxes.

Net cash used in investing activities amounted to ¥3.0 billion (¥12.1 billion of cash outflow for the previous fiscal year), due to proceeds from sales of investment securities and non-current assets, despite the purchase of non-current assets.

As a result, free cash flow, which is the sum of cash flows from operating activities and cash flows from investing activities, resulted in a net inflow of ¥29.5 billion (net outflow of ¥5.7 billion for the previous fiscal year).

Net cash used in financing activities amounted to ¥9.2 billion (¥13.0 billion of cash outflow for the previous fiscal year), due to distribution of ordinary dividends and repayments of lease obligations.

As a result, cash and cash equivalents at the end of the fiscal year under review increased from ¥26.8 billion from the end of the previous fiscal year to ¥46.5 billion.

## (3) Basic Policy Concerning the Distribution of Profits and the Dividend Distributions for the Fiscal Year Ended March 31, 2020 and the Fiscal Year Ending March 31, 2021

The Company recognizes at all times that strengthening its financial structure and securing internal reserves for enhancing the OKI Group's corporate value, as well as striving to increase returns to shareholders who will hold shares over the medium to long term, are management's highest priorities.

Regarding the use of internal reserves, the Company will make investments in research and development and equipment required for future growth with a view to strengthening management bases. Furthermore, in determining the dividend amounts, the Company will place the most focus on the continuation of a stable return of profits to shareholders and also take financial results into account.

Based on this policy, the Company will distribute dividends of surplus (annual dividends) at ¥50.00 per share for the fiscal year under review, which is scheduled to be paid as year-end dividends under review.

As for dividends of surplus for the next fiscal year, the Company has not yet established its forecast, as projecting earnings results is difficult at present.

## 2. Basic Approach to the Selection of Accounting Standards

The OKI Group is conducting studies on the differences between the International Financial Reporting Standards (IFRS) and J-GAAP and their potential impact. The OKI Group is moving ahead with deliberations on the future application of IFRS.



### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	29,730	49,227
Notes and accounts receivable - trade	106,672	111,314
Lease receivables and investments in leases	11,513	14,150
Finished goods	18,823	15,901
Work in process	25,007	14,332
Raw materials and supplies	20,777	21,978
Other	10,940	10,202
Allowance for doubtful accounts	(257)	(382)
<b>Total current assets</b>	<b>223,206</b>	<b>236,726</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,656	21,357
Machinery, equipment and vehicles, net	8,166	9,421
Tools, furniture and fixtures, net	8,464	8,719
Land	12,829	11,611
Construction in progress	277	318
<b>Total property, plant and equipment</b>	<b>49,393</b>	<b>51,428</b>
Intangible assets	10,457	11,288
Investments and other assets		
Investment securities	43,621	34,694
Retirement benefit asset	18,339	20,007
Long-term operating receivables	21,940	20,549
Other	17,921	15,765
Allowance for doubtful accounts	(19,376)	(17,989)
<b>Total investments and other assets</b>	<b>82,446</b>	<b>73,027</b>
<b>Total non-current assets</b>	<b>142,296</b>	<b>135,744</b>
<b>Total assets</b>	<b>365,503</b>	<b>372,471</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	67,465	61,714
Short-term borrowings	48,880	35,415
Lease obligations	2,918	4,539
Accrued expenses	21,764	21,590
Other	35,165	36,681
<b>Total current liabilities</b>	<b>176,194</b>	<b>159,940</b>
Non-current liabilities		
Long-term borrowings	29,673	42,310
Lease obligations	11,926	15,417
Deferred tax liabilities	9,945	9,784
Provision for retirement benefits for directors	463	372
Retirement benefit liability	30,158	32,129
Other	6,941	6,075
<b>Total non-current liabilities</b>	<b>89,108</b>	<b>106,090</b>
<b>Total liabilities</b>	<b>265,302</b>	<b>266,030</b>

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Net assets		
Shareholders' equity		
Share capital	44,000	44,000
Capital surplus	19,057	19,047
Retained earnings	51,785	60,847
Treasury shares	(997)	(971)
Total shareholders' equity	113,845	122,923
Accumulated other comprehensive income		
Valuation difference on available-for-sale	2,816	△218
Deferred gains or losses on hedges	169	112
Foreign currency translation adjustment	(10,884)	(9,029)
Remeasurements of defined benefit plans	(6,006)	(7,583)
Total accumulated other comprehensive income	(13,904)	(16,718)
Share acquisition rights	133	171
Non-controlling interests	126	64
Total net assets	100,200	106,440
Total liabilities and net assets	365,503	372,471

(2) Consolidated Statements of Income and Comprehensive Income  
(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	441,452	457,223
Cost of sales	322,624	339,415
Gross profit	118,827	117,807
Selling, general and administrative expenses	101,305	100,978
Operating income	17,522	16,829
Non-operating income		
Interest income	97	87
Dividend income	1,302	1,430
Dividend income of insurance	391	363
Receipt on litigation	-	438
Miscellaneous income	627	790
Total non-operating income	2,419	3,109
Non-operating expenses		
Interest expenses	1,633	1,721
Foreign exchange losses	1,280	3,274
Miscellaneous expenses	1,550	1,138
Total non-operating expenses	4,464	6,135
Ordinary profit	15,477	13,804
Extraordinary income		
Gain on sales of non-current assets	1,426	4,842
Gain on sales of investment securities	969	4,682
Gain on sales of shares of subsidiaries and associates	-	165
Insurance claim income	-	617
Compensation for damage income	-	202
Total extraordinary income	2,396	10,510
Extraordinary losses		
Loss on disposal of non-current assets	475	560
Impairment loss	2,890	846
Loss on sales of shares of subsidiaries and associates	-	192
Loss on valuation of investment securities	-	234
Loss on disaster	-	411
Business restructuring expenses	3,489	2,418
Total extraordinary losses	6,855	4,663
Profit before income taxes	11,018	19,651
Income taxes - current	2,476	4,267
Income taxes - deferred	108	1,262
Total income taxes	2,585	5,529
Profit	8,432	14,122
Profit attributable to non-controlling interests	27	35
Profit attributable to owners of parent	8,405	14,086

## (Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	8,432	14,122
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,762)	(3,036)
Deferred gains or losses on hedges	134	(56)
Foreign currency translation adjustment	1,321	1,852
Remeasurements of defined benefit plans, net of tax	(2,551)	(1,576)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	(4,856)	(2,815)
Comprehensive income	3,576	11,306
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,546	11,273
Comprehensive income attributable to non- controlling interests	30	33

(3) Consolidated Statements of Changes in Equity  
Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	44,000	19,795	45,983	(563)	109,215
Cumulative effects of changes in accounting policies					—
Restated balance	44,000	19,795	45,983	(563)	109,215
Changes of items during period					
Dividends of surplus			(2,603)		(2,603)
Profit attributable to owners of parent			8,405		8,405
Purchase of treasury shares				(448)	(448)
Disposal of treasury shares		(9)		30	21
Change in ownership interest of parent due to transactions with non-controlling interests		(728)		(15)	(744)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(737)	5,801	(433)	4,630
Balance at end of current period	44,000	19,057	51,785	(997)	113,845

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	6,578	34	(12,203)	(3,455)	(9,045)	101	1,873	102,144
Cumulative effects of changes in accounting policies					—			—
Restated balance	6,578	34	(12,203)	(3,455)	(9,045)	101	1,873	102,144
Changes of items during period								
Dividends of surplus								(2,603)
Profit attributable to owners of parent								8,405
Purchase of treasury shares								(448)
Disposal of treasury shares								21
Change in ownership interest of parent due to transactions with non-controlling interests								(744)
Net changes of items other than shareholders' equity	(3,761)	134	1,318	(2,551)	(4,858)	31	(1,746)	(6,574)
Total changes of items during period	(3,761)	134	1,318	(2,551)	(4,858)	31	(1,746)	(1,943)
Balance at end of current period	2,816	169	(10,884)	(6,006)	(13,904)	133	126	100,200

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	44,000	19,057	51,785	(997)	113,845
Cumulative effects of changes in accounting policies			(698)		(698)
Restated balance	44,000	19,057	51,086	(997)	113,146
Changes of items during period					
Dividends of surplus			(4,325)		(4,325)
Profit attributable to owners of parent			14,086		14,086
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		(10)		32	21
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(10)	9,761	26	9,776
Balance at end of current period	44,000	19,047	60,847	(971)	122,923

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	2,816	169	(10,884)	(6,006)	(13,904)	133	126	100,200
Cumulative effects of changes in accounting policies								(698)
Restated balance	2,816	169	(10,884)	(6,006)	(13,904)	133	126	99,502
Changes of items during period								
Dividends of surplus								(4,325)
Profit attributable to owners of parent								14,086
Purchase of treasury shares								(5)
Disposal of treasury shares								21
Change in ownership interest of parent due to transactions with non-controlling interests								—
Net changes of items other than shareholders' equity	(3,035)	(56)	1,855	(1,576)	(2,813)	38	(62)	(2,838)
Total changes of items during period	(3,035)	(56)	1,855	(1,576)	(2,813)	38	(62)	6,938
Balance at end of current period	(218)	112	(9,029)	(7,583)	(16,718)	171	64	106,440

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	11,018	19,651
Depreciation	12,367	12,574
Impairment loss	2,890	846
Increase (decrease) in provisions	1,443	1,841
Interest and dividend income	(1,400)	(1,517)
Interest expenses	1,633	1,722
Loss (gain) on sales of investment securities	(925)	(4,682)
Loss (gain) on disposal of non-current assets	(933)	(4,282)
Decrease (increase) in trade receivables	(6,823)	(6,629)
Decrease (increase) in inventories	(4,529)	11,098
Increase (decrease) in trade payables	(418)	(2,999)
Other, net	(4,867)	8,593
Subtotal	9,452	36,215
Interest and dividends received	1,400	1,518
Interest paid	(1,551)	(1,716)
Income taxes paid	(2,937)	(3,469)
Net cash provided by (used in) operating activities	6,364	32,547
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,486)	(11,840)
Proceeds from sales of property, plant and equipment	2,186	6,123
Purchase of intangible assets	(3,908)	(4,441)
Proceeds from sales of investment securities	1,726	8,941
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(0)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	27
Purchase of long-term prepaid expenses	(1,224)	(2,067)
Other payments	(1,872)	(766)
Other proceeds	479	1,052
Net cash provided by (used in) investing activities	(12,099)	(2,972)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(6,896)	(8,734)
Proceeds from long-term borrowings	24,970	26,660
Repayments of long-term borrowings	(22,071)	(18,296)
Dividends paid	(2,601)	(4,307)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2,502)	—
Repayments of lease obligations	(3,416)	(4,476)
Other, net	(452)	(69)
Net cash provided by (used in) financing activities	(12,971)	(9,224)
Effect of exchange rate change on cash and cash equivalents	48	(658)
Net increase (decrease) in cash and cash equivalents	(18,657)	19,693
Cash and cash equivalents at beginning of period	45,481	26,823
Cash and cash equivalents at end of period	26,823	46,517

(5) Notes to Consolidated Financial Statements

(Notes Relating to Going Concern Assumption)

Not applicable

(Changes in Accounting Policies)

Overseas consolidated subsidiaries, excluding those in the U.S., began applying IFRS 16 Leases effective from the beginning of the fiscal year ended March 31, 2020. As a result of applying these accounting standards, property, plant and equipment increased ¥2,285 million, other under current liabilities increased ¥1,010 million, other under non-current liabilities increased ¥1,635 million and retained earnings decreased ¥533 million in the consolidated balance sheets for the fiscal year ended March 31, 2020.

The impact of this change on profit and loss for the fiscal year ended March 31, 2020 is immaterial.

(Additional information)

(Expanded application of the percentage-of-completion method)

Previously, the percentage-of-completion method was applied for the work whose outcome from the completed portion was deemed definite and the completed-contract method was applied for other work. In conjunction with the measures to develop and enhance the cost management system, since the fiscal year ended March 31, 2020, the percentage-of-completion method has also been applied to some of this other work because it became possible to reliably estimate the work.

As a result, for the fiscal year ended March 31, 2020, net sales increased ¥10,487 million, and operating income, ordinary income and profit before income taxes decreased ¥85 million each.



(Segment Information)

1. Overview of reportable segments

The reportable segments of the Company are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic review to determine distribution of management resources and evaluate their business results.

The Company mainly conducts “ICT,” “Mechatronics Systems” and “EMS,” and the OKI Data Group (Oki Data Corporation and its group companies) conducts “Printers” as an independent management unit.

Each of them plans comprehensive strategies about their main product lines in domestic and overseas markets and deploys business activities. The above four businesses are the reportable segments.

“ICT” provides solutions that leverage IoT and solutions that enable business processes to be optimized and streamlined.

“Mechatronics Systems” provides products and services built on core mechatronics technology including ATMs and cash handling equipment.

“Printers” provides LED technology-featured printers.

“EMS” conducts consigned manufacturing business based on our extensive record in social infrastructure equipment.

Listed below are the major products and services of each reportable segment:

Business segment	Major products and services
ICT	Traffic infrastructure-related systems, disaster-related systems, self-defense-related systems, communications equipment for telecom carriers, bank branch systems, centered-administration systems, ticket reservations and issuing systems, IP-PBX, business telephones, contact centers, 920MHz band wireless multi-hop communication systems, etc.
Mechatronics Systems	ATMs, cash handling equipment, bank branch terminals, ticket reservations and issuing terminals, check-in terminals, currency exchange machines, and ATM monitoring and operations services, etc.
Printers	Color and monochrome LED printers, color and monochrome LED multifunction printers, wide format ink jet printers, and dot-impact printers, etc.
EMS	Consigned designing and manufacturing services, printed circuit boards, etc.

In the fiscal year ended March 31, 2020, the restructuring of the EMS business continued from the previous fiscal year for the purpose of further enhancing its ability to offer a one-stop service from sales through design, manufacture, and evaluation. Because of this, some businesses that were previously classified as “Others” are now included in the “EMS business.”

Furthermore, disclosure of segment information for the fiscal year ended March 31, 2019, is based on the reportable segments after the implementation of these changes.

2. Calculation methods for the amount of net sales, profit and loss by reportable segment

Segment income is calculated on an operating income basis. Intersegment transactions are calculated based on prevailing market rates.

### 3. Information about amounts of net sales, profit and loss by reportable segment

Previous fiscal year (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements
	ICT	Mechatronics Systems	Printers	EMS	Total				
Net sales									
Net sales to external customers	184,286	82,731	102,554	66,246	435,819	5,632	441,452	-	441,452
Intersegment net sales or transfers	4,306	1,888	5,228	1,187	12,610	14,939	27,550	(27,550)	-
Total	188,592	84,620	107,782	67,434	448,430	20,572	469,003	(27,550)	441,452
Segment income (loss)	14,668	82	5,740	3,727	24,219	855	25,074	(7,552)	17,522

Current fiscal year (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements
	ICT	Mechatronics Systems	Printers	EMS	Total				
Net sales									
Net sales to external customers	229,065	70,728	92,285	59,788	451,868	5,355	457,223	-	457,223
Intersegment net sales or transfers	3,689	1,272	5,328	1,172	11,463	15,889	27,352	(27,352)	-
Total	232,755	72,001	97,614	60,961	463,332	21,244	484,576	(27,352)	457,223
Segment income (loss)	20,835	(296)	2,774	2,074	25,387	389	25,776	(8,946)	16,829

Notes: 1. "Others" consists of businesses not included in the reportable segments, such as provision of services, and manufacturing and sales of other equipment products.

2. Details of adjustment are as follows:

(Millions of yen)

Segment income or loss	Previous fiscal year	Current fiscal year
Elimination of intersegment transactions	69	15
Corporate expenses*	(7,530)	(8,786)
Adjustment to non-current assets	(91)	(175)
Total	(7,552)	(8,946)

\* Corporate expenses are mainly general and administrative expenses and research and development expenses that are not attributable to the reportable segments.

## (Per Share Information)

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Net assets per share	¥1,155.28	¥1,227.42
Basic earnings per share	¥97.16	¥162.80
Diluted earnings per share	¥97.03	¥162.51

Notes: 1. The basis for calculation of basic earnings per share and diluted earnings per share is as follows:

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	8,405	14,086
Profit not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common stock (Millions of yen)	8,405	14,086
Weighted average number of shares of common stock during the period (Thousand shares)	86,508	86,529
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	–	–
Increase of common stock (Thousand shares)	120	155
Outline of dilutive shares not counted in the calculation of diluted earnings per share due to no dilutive effect	–	–

2. The basis for calculation of net assets per share is as follows:

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Total net assets (Millions of yen)	100,200	106,440
Amount deducted from the total net assets (Millions of yen)	259	235
[Subscription rights to shares included in the above]	[133]	[171]
[Non-controlling interests included in the above]	[126]	[64]
Amount of net assets related to common stock at end of period (Millions of yen)	99,941	106,205
Number of common stock used to calculate net assets per share at end of period (Thousand shares)	86,508	86,527

(Significant Subsequent Event)

Business Separation

In June 2019, in order to transfer its financial and retail services businesses to NCR Brasil Ltda. (NCR Brasil), a Brazilian subsidiary of NCR Corporation (NCR), OKI BRASIL INDÚSTRIA E COMÉRCIO DE PRODUTOS E TECNOLOGIA EM AUTOMAÇÃO S.A. (OKI Brasil), a consolidated subsidiary of the Company, and NCR reached an agreement on a company split of OKI Brasil and transfer of the shares of the newly established company. All shares of the new company were transferred on April 9, 2020.

1. Reason for the Share Transfer

OKI Brasil has implemented fundamental structural reforms aimed at improving profitability, but the Company has concluded that it will be difficult for OKI Brasil to independently expand its business in the future in order to improve profitability, given changes in the business environment.

In addition, since the previous fiscal year, the Company has been reviewing its strategies for developing its overseas Mechatronics Systems business in order to focus on supplying modules to its partners.

Based on the above, the Company considered further development of OKI Brasil in the future and determined that it would be most appropriate to transfer the business to the NCR Group, which has many years of experience in the field and is expected to generate synergies.

Upon completion of the transaction, the Company will supply NCR Brasil with modules for the Brazilian market.

2. Name of the Transferee of the Shares

NCR Brasil Ltda.

3. Share Transfer Date

April 9, 2020

4. Outline of the Subsidiary Company

Name ORIGAMI BRASIL TECNOLOGIA E SERVIÇOS EM AUTOMAÇÃO LTDA.

Business Design, development, manufacture, sale and maintenance of automated machines

5. Number of Shares Transferred, Transfer Value, Transfer Gain/Loss and Share Ratio after Transfer

Number of Shares Transferred 109,560,331 shares (Share Ratio after Transfer: 0%)

Transfer Value 24 million reais (¥522 million, at the exchange rate as of March 31, 2020)

Transfer Gain/Loss (69) million reais (¥1,458 million, at the exchange rate as of March 31, 2020)

In which, a loss of 52 million reais was recorded as "Business restructuring expenses" in the consolidated statement of income for the fiscal year under review.