

3. Consolidated Results Projection for the Fiscal Year Ending March 31, 2020
(from April 1, 2019 to March 31, 2020)

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	465,000	5.3	18,500	5.6	15,500	0.1	14,000	66.6	161.83

(Note) Revisions to operating results projection most recently announced: Yes

Notes:

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Application of accounting procedures specific to quarterly consolidated financial statements: None
- (3) 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
- (4) Number of shares issued (common stock)
 - 1) Number of shares issued at the end of the period (including treasury shares)
 - As of December 31, 2019: 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 December 31, 2019: 689,624 shares
 - As of March 31, 2019: 709,516 shares
 - 3) Average number of shares during the period
 - Nine months ended December 31, 2019: 86,529,724 shares
 - Nine months ended December 31, 2018: 86,508,880 shares

Quarterly financial results reports are exempt from quarterly review 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)

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. For the conditions assumed for the results projection and notes on the use of such projections, please refer to “(3) Forward-Looking Statements Including Projection for Consolidated Operating Results and Other” of “1. Qualitative Information on Financial Results for the Period” on page 5 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 February 7, 2020 (Friday). 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.

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1. Qualitative Information on Financial Results for the Period

(1) Operating Results

1) Overview of the first nine months of the fiscal year ending March 31, 2020 (April 1, 2019 to December 31, 2019)

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 first nine months of the fiscal year ending March 31, 2020, stable sales in the ICT business continued to drive the performance of the entire Group. Net sales were ¥327.9 billion, a ¥28.6 billion or 9.5% increase year-on-year. Operating income was ¥9.1 billion, an increase of ¥4.1 billion year-on-year, and ordinary income was ¥7.3 billion, an increase of ¥4.5 billion year-on-year. In addition to the sales increase, the structural reforms in the Mechatronics Systems business carried out last year also bore fruit.

Profit attributable to owners of parent was ¥7.2 billion, an improvement of ¥8.8 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 the efforts to reduce non-business assets were recorded for extraordinary income, while the business restructuring expenses of ¥1.7 billion related to 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 increases in net sales of ¥21.9 billion, operating income of ¥3.4 billion and ordinary income of ¥3.4 billion.

(Billions of yen)	Nine months ended December 31, 2019	Nine months ended December 31, 2018	Year-on-year change rate
Net sales	327.9	299.3	9.5%
Operating income	9.1	5.0	83.1%
Ordinary income	7.3	2.8	160.2%
Profit (loss) attributable to owners of parent	7.2	(1.6)	—

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

2) Results by business segment

<ICT>

Net sales came to ¥157.3 billion (a year-on-year increase of 44.2% or ¥48.2 billion). The overall business continued well performance upon the expansion in the large-scale project of building networks for a telecom carrier and in social infrastructure-related projects. In addition, the effect of expanding the application of the percentage-of-completion method, mainly in some government agency projects, have also resulted the significant increase in net sales.

Operating income came to ¥11.1 billion (a year-on-year increase of ¥7.8 billion), reflecting the substantive sales increase besides the impact of expanded application of the percentage-of-completion method.

(Billions of yen)	Nine months ended December 31, 2019	Nine months ended December 31, 2018	Year-on-year change rate
Net sales	157.3	109.1	44.2%
Operating income	11.1	3.3	235.9%

<Mechatronics Systems>

Net sales came to ¥53.6 billion (a year-on-year decrease of 10.2% or ¥6.1 billion). Due to the absence of a large-scale project for cash handling equipment for a customer in Japan that was carried out in the previous fiscal year, net sales decreased.

Operating income was ¥0.3 billion, an improvement of ¥1.6 billion year-on-year, upon the effects of structural reforms in the previous fiscal year, mainly at overseas subsidiaries, even though the sales declined.

(Billions of yen)	Nine months ended December 31, 2019	Nine months ended December 31, 2018	Year-on-year change rate
Net sales	53.6	59.7	(10.2)%
Operating income	0.3	(1.3)	–

<Printers>

Net sales came to ¥69.5 billion (a year-on-year decrease of 9.3% or ¥7.2 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 ¥2.2 billion (a year-on-year decrease of ¥2.3 billion) mainly due to a decline in sales as well as the impact of yen appreciation against the Euro.

(Billions of yen)	Nine months ended December 31, 2019	Nine months ended December 31, 2018	Year-on-year change rate
Net sales	69.5	76.7	(9.3)%
Operating income	2.2	4.5	(52.4)%

<EMS>

Net sales were ¥43.2 billion (a year-on-year decrease of 12.2% or ¥6.0 billion). Sales for factory automation (FA) products and for semiconductor customers decreased. In addition, a typhoon in October flooded part of the supply chain, causing a delay in materials procurement.

Operating income was ¥1.1 billion (a year-on-year decrease of ¥1.6 billion) due to lower revenue.

(Billions of yen)	Nine months ended December 31, 2019	Nine months ended December 31, 2018	Year-on-year change rate
Net sales	43.2	49.2	(12.2)%
Operating income	1.1	2.7	(60.4)%

* The figures for the nine months ended December 31, 2018 have been restated.

<Others>

Net sales came to ¥4.2 billion (a year-on-year decrease of 9.2% or ¥0.4 billion) and operating income came to ¥0.4 billion (a year-on-year decrease of ¥0.4 billion).

(Billions of yen)	Nine months ended December 31, 2019	Nine months ended December 31, 2018	Year-on-year change rate
Net sales	4.2	4.6	(9.2)%
Operating income	0.4	0.8	(52.3)%

* The figures for the nine months ended December 31, 2018 have been restated.

(2) Financial Position

1) Assets, liabilities, net assets, etc., at the end of the first nine months of the fiscal year ending March 31, 2020

At the end of the period under review, total assets increased by ¥7.8 billion from the end of the previous fiscal year to ¥373.3 billion. Shareholders' equity increased ¥5.5 billion from the end of the previous fiscal year to ¥105.4 billion mainly due to the recording of ¥7.2 billion in profit attributable to owners of parent and an increase of ¥3.3 billion in accumulated other comprehensive income, despite a distribution of ordinary dividends of ¥4.3 billion in the first nine months of the fiscal year ending March 31, 2020. As a result, shareholders' equity ratio stood at 28.2%.

With respect to major increases in assets, cash and deposits increased by ¥6.7 billion and property, plant and equipment increased by ¥2.9 billion.

With respect to major increases in liabilities, borrowings increased by ¥1.5 billion from ¥78.6 billion at the end of the previous fiscal year to ¥80.1 billion.

2) Cash flows for the first nine months of the fiscal year ending March 31, 2020

For the period under review, net cash provided by operating activities amounted to ¥11.6 billion (¥3.2 billion of cash inflow for the same period of the previous fiscal year), due mainly to the recording of profit before income taxes.

Net cash provided by investing activities amounted to ¥1.0 billion (¥7.7 billion of cash outflow for the same period of 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 ¥12.6 billion (net outflow of ¥4.5 billion for the same period of the previous fiscal year).

Net cash used in financing activities amounted to ¥5.8 billion (¥3.9 billion of cash outflow for the same period of the previous fiscal year), due mainly to the distribution of ordinary dividends.

Consequently, cash and cash equivalents at the end of the period under review came to ¥33.7 billion from ¥26.8 billion at the end of the previous fiscal year.

(3) Forward-Looking Statements Including Projection for Consolidated Operating Results and Other

In the first nine month of the fiscal year ending March 31, 2020, sales and profits increased year-on-year as a whole, largely the situation stayed the same from the previous quarter. On the other hand, the variance in performance among the businesses has become apparent; the EMS business is facing difficulties due to stagnant market conditions and delays in procurement of parts and materials, the ICT business is making even stronger progress. As a result of a close examination of these recent business conditions, the Company has revised its full-year consolidated sales forecast to ¥465.0 billion (increase of ¥0.5 billion from the previous announcement). The breakdown for each business has also been revised as follows.

For details, please refer to “Summary of Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2020” disclosed today (February 7, 2020).

(Reference) Full-year consolidated results projection for the fiscal year ending March 31, 2020
(from April 1, 2019 to March 31, 2020)

	(Millions of yen)			
	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Previous projection (A)	460,000	18,500	15,500	14,000
Current projection (B)	465,000	18,500	15,500	14,000
Amount change (B – A)	5,000	0	0	0
Percentage change (%)	1.1	–	–	–
(Reference) Actual results for the fiscal year ended March 31, 2019	441,452	17,522	15,477	8,405

(Billions of yen)		Fiscal year ending March 31, 2020 Current projection	Fiscal year ending March 31, 2020 Previous projection	Change
ICT	Net sales	232.0	221.0	11.0
	Operating income	19.0	17.0	2.0
Mechatronics Systems	Net sales	72.0	72.0	0.0
	Operating income	1.0	1.0	0.0
Printers	Net sales	96.0	96.0	0.0
	Operating income	4.0	4.0	0.0
EMS	Net sales	60.0	67.0	(7.0)
	Operating income	2.0	4.0	(2.0)
Others	Net sales	5.0	4.0	1.0
	Operating income	0.5	0.5	0.0
Elimination/corporate	Operating income	(8.0)	(8.0)	0.0
Total	Net sales	465.0	460.0	5.0
	Operating income	18.5	18.5	0.0

(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. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	29,730	36,430
Notes and accounts receivable - trade	106,672	100,390
Finished goods	18,823	22,002
Work in process	25,007	22,233
Raw materials and supplies	20,777	22,211
Other	22,454	25,611
Allowance for doubtful accounts	(257)	(272)
Total current assets	223,206	228,607
Non-current assets		
Property, plant and equipment	49,393	52,344
Intangible assets	10,457	10,806
Investments and other assets		
Investment securities	43,621	41,667
Other	38,824	39,868
Total investments and other assets	82,446	81,535
Total non-current assets	142,296	144,686
Total assets	365,503	373,293
Liabilities		
Current liabilities		
Notes and accounts payable - trade	67,465	62,048
Short-term borrowings	48,880	57,712
Provisions	5,160	5,024
Other	54,688	51,126
Total current liabilities	176,194	175,911
Non-current liabilities		
Long-term borrowings	29,673	22,432
Provision for retirement benefits for directors (and other officers)	463	430
Other provisions	1,901	1,694
Retirement benefit liability	30,158	30,912
Other	26,911	36,246
Total non-current liabilities	89,108	91,715
Total liabilities	265,302	267,627
Net assets		
Shareholders' equity		
Share capital	44,000	44,000
Capital surplus	19,057	19,047
Retained earnings	51,785	53,944
Treasury shares	(997)	(970)
Total shareholders' equity	113,845	116,021
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,816	4,405
Deferred gains or losses on hedges	169	94
Foreign currency translation adjustment	(10,884)	(10,169)
Remeasurements of defined benefit plans	(6,006)	(4,908)
Total accumulated other comprehensive income	(13,904)	(10,577)
Share acquisition rights	133	156
Non-controlling interests	126	64
Total net assets	100,200	105,665
Total liabilities and net assets	365,503	373,293

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)
(For the Nine Months Ended December 31, 2018 and 2019)

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	299,316	327,858
Cost of sales	219,344	245,164
Gross profit	79,971	82,693
Selling, general and administrative expenses	74,983	73,561
Operating income	4,987	9,131
Non-operating income		
Interest income	74	74
Dividend income	1,015	1,091
Miscellaneous income	388	566
Total non-operating income	1,479	1,732
Non-operating expenses		
Interest expenses	1,204	1,283
Foreign exchange losses	1,486	1,433
Miscellaneous expenses	974	856
Total non-operating expenses	3,665	3,574
Ordinary income	2,802	7,290
Extraordinary income		
Gain on sales of non-current assets	1,352	4,841
Gain on sales of investment securities	234	4,373
Gain on sales of shares of subsidiaries and associates	—	165
Compensation income for damage	—	202
Total extraordinary income	1,586	9,582
Extraordinary losses		
Loss on disposal of non-current assets	173	325
Loss on sales of shares of subsidiaries and associates	—	192
Loss on disaster	—	306
Business restructuring expenses	1,965	1,699
Total extraordinary losses	2,138	2,523
Profit before income taxes	2,250	14,349
Income taxes - current	977	1,504
Income taxes - deferred	2,803	5,630
Total income taxes	3,780	7,135
Profit (loss)	(1,530)	7,214
Profit attributable to non-controlling interests	28	30
Profit (loss) attributable to owners of parent	(1,558)	7,183

(Consolidated Statements of Comprehensive Income)
(For the Nine Months Ended December 31, 2018 and 2019)

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit (loss)	(1,530)	7,214
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,119)	1,588
Deferred gains or losses on hedges	76	(74)
Foreign currency translation adjustment	645	717
Remeasurements of defined benefit plans, net of tax	252	1,098
Total other comprehensive income	(4,144)	3,330
Comprehensive income	(5,674)	10,544
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(5,703)	10,511
Comprehensive income attributable to non-controlling interests	28	33

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Cash flows from operating activities		
Profit before income taxes	2,250	14,349
Depreciation	8,969	9,234
Increase (decrease) in provision	111	(279)
Interest and dividend income	(1,090)	(1,166)
Interest expenses	1,204	1,283
Loss (gain) on sales of investment securities	(234)	(4,325)
Loss (gain) on disposal of non-current assets	(1,162)	(4,516)
Decrease (increase) in trade receivables	22,626	5,363
Decrease (increase) in inventories	(19,816)	(2,791)
Increase (decrease) in trade payables	(4,758)	(3,929)
Other, net	(2,686)	1,148
Subtotal	5,413	14,369
Interest and dividends received	1,090	1,147
Interest paid	(1,107)	(1,333)
Income taxes paid	(2,165)	(2,535)
Net cash provided by (used in) operating activities	3,231	11,647
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,866)	(8,499)
Proceeds from sales of property, plant and equipment	2,175	6,073
Purchase of intangible assets	(2,548)	(3,102)
Proceeds from sales of investment securities	244	8,034
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	(507)	(1,289)
Other payments	(613)	(662)
Other proceeds	433	410
Net cash provided by (used in) investing activities	(7,684)	991
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(8,872)	14,416
Proceeds from long-term borrowings	24,970	—
Repayments of long-term borrowings	(12,150)	(12,547)
Dividends paid	(2,598)	(4,332)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2,502)	—
Repayments of lease obligations	(2,325)	(3,253)
Other, net	(451)	(67)
Net cash provided by (used in) financing activities	(3,929)	(5,785)
Effect of exchange rate change on cash and cash equivalents	(26)	(16)
Net increase (decrease) in cash and cash equivalents	(8,409)	6,837
Cash and cash equivalents at beginning of period	45,481	26,823
Cash and cash equivalents at end of period	37,072	33,661

(4) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Significant Changes in Shareholders' Equity)

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 first quarter of the fiscal year ending March 31, 2020. As a result of applying these accounting standards, property, plant and equipment increased ¥2,567 million, other under current liabilities increased ¥1,116 million, other under non-current liabilities increased ¥1,897 million and retained earnings decreased ¥533 million in the consolidated balance sheets for the third quarter of the fiscal year ending March 31, 2020.

The impact of this change on profit and loss for the first nine months of the fiscal year ending 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 first quarter of the fiscal year ending 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 first nine months of the fiscal year ending March 31, 2020, net sales increased ¥21,920 million, and operating income, ordinary income and profit before income taxes increased ¥3,387 million each.

(Segment Information)

I First nine months of the fiscal year ended March 31, 2019 (from April 1, 2018 to December 31, 2018)

Information about amounts of net sales, income and loss by reportable segment

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	ICT	Mechatronics systems	Printers	EMS	Total				
Net sales									
Net sales to external customers	109,093	59,695	76,689	49,247	294,727	4,589	299,316	–	299,316
Intersegment net sales or transfers	3,213	1,505	3,857	927	9,503	10,840	20,344	(20,344)	–
Total	112,306	61,201	80,547	50,175	304,230	15,430	319,660	(20,344)	299,316
Segment income (loss)	3,303	(1,265)	4,549	2,726	9,314	764	10,078	(5,090)	4,987

- (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. The adjustment to segment income or loss of ¥(5,090) million includes the elimination of intersegment transactions of ¥22 million, corporate expenses not allocated to each reportable segment of ¥(5,112) million, and an adjustment to non-current assets of ¥(0) million. Corporate expenses are mainly general and administrative expenses and research and development expenses that are not attributable to the reportable segments.
 3. Segment income or loss is adjusted with operating income in the consolidated statements of income.

II First nine months of the fiscal year ending March 31, 2020 (from April 1, 2019 to December 31, 2019)

1. Information about amounts of net sales, income and loss by reportable segment

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	ICT	Mechatronics systems	Printers	EMS	Total				
Net sales									
Net sales to external customers	157,317	53,615	69,522	43,233	323,689	4,168	327,858	–	327,858
Intersegment net sales or transfers	2,786	960	4,047	899	8,693	11,686	20,379	(20,379)	–
Total	160,103	54,576	73,570	44,132	332,382	15,854	348,237	(20,379)	327,858
Segment income (loss)	11,094	340	2,163	1,079	14,677	364	15,042	(5,910)	9,131

- (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. The adjustment to segment income or loss of ¥(5,910) million includes the elimination of intersegment transactions of ¥124 million, corporate expenses not allocated to each reportable segment of ¥(5,920) million, and an adjustment to non-current assets of ¥(113) million. Corporate expenses are mainly general and administrative expenses and research and development expenses that are not attributable to the reportable segments.
 3. Segment income or loss is adjusted with operating income in the consolidated statements of income.

2. Matters related to changes in reportable segments

In the first quarter of the fiscal year ending 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 first nine months of the fiscal year ended March 31, 2019, is based on the reportable segments after the implementation of these changes.