

(Translation)

## Summary of Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2022 (J-GAAP)

November 11, 2021

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

Securities Code: 6703

Stock Exchange Listing: Tokyo Stock Exchange

Representative: Shinya Kamagami, President, Representative Director

Contact: Hideaki Sato, General Manager, Investor Relations

Filing of Quarterly Securities Report (Scheduled): November 15, 2021

Commencement of Dividend Payment (Scheduled): –

Supplementary Document on Quarterly Financial Results: Yes

Quarterly Financial Results Briefing: Yes (for institutional investors)

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

TEL: +81-3-5635-8212

(Amounts less than one million yen have been truncated)

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2021

(from April 1, 2021 to September 30, 2021)

#### (1) Consolidated operating results (cumulative)

(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	%
Six months ended September 30, 2021	159,815	(7.9)	(4,406)	–	(4,252)	–	(6,714)	–
September 30, 2020	173,542	(20.5)	(2,568)	–	(3,231)	–	(5,445)	–

(Note) Comprehensive income Six months ended September 30, 2021: ¥(7,143) million (–%)  
Six months ended September 30, 2020: ¥(6,019) million (–%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	(77.53)	–
September 30, 2020	(62.91)	–

(Note) The Company has adopted “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020) and related implementation guidance from the beginning of the fiscal year ending March 31, 2022 and figures for the year ending March 31, 2022 reflect this change of accounting method.

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	350,423	104,364	29.7
As of March 31, 2021	373,213	113,265	30.3

(Reference) Shareholders' equity As of September 30, 2021: ¥104,174 million  
As of March 31, 2021: ¥113,023 million

(Note) The Company has adopted “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020) and related implementation guidance from the beginning of the fiscal year ending March 31, 2022 and figures for the year ending March 31, 2022 reflect this change of accounting method.

## 2. Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	–	0.00	–	20.00	20.00
Fiscal year ending March 31, 2022	–	0.00			
Fiscal year ending March 31, 2022 (Projection)			–	30.00	30.00

(Note) Revisions to dividend projection most recently announced: None

## 3. Consolidated Results Projection for the Fiscal Year Ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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	400,000	1.8	12,000	26.2	12,000	27.9	3,500	–	40.43

(Note) Revisions to operating results projection most recently announced: None

### Notes:

- (1) Changes in significant subsidiaries during the period  
(changes in specified subsidiaries resulting in changes in the scope of consolidation): Yes  
New: - (Company name: - ), Excluded: 1 company (Company name: Oki Data Corporation)  
(Note) For details, please refer to “(4) Notes to Consolidated Financial Statements (Changes of Significant Subsidiaries during the Six Months Ended September 30, 2021)” of “2. Consolidated Financial Statements and Significant Notes Thereto” on page 10 of the Attachment.
- (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
 (Note) For details, please refer to “(4) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” of “2. Consolidated Financial Statements and Significant Notes Thereto” on page 10 of the Attachment.
- (4) Number of shares issued (common stock)
  - 1) Number of shares issued at the end of the period (including treasury shares)
    - As of September 30, 2021: 87,217,602 shares
    - As of March 31, 2021: 87,217,602 shares
  - 2) Number of treasury shares at the end of the period
    - As of September 30, 2021: 617,276 shares
    - As of March 31, 2021: 653,801 shares
  - 3) Average number of shares during the period
    - Six months ended September 30, 2021: 86,600,792 shares
    - Six months ended September 30, 2020: 86,564,727 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 result briefing for institutional investors on November 11, 2021 (Thursday). 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 half of the fiscal year ending March 31, 2022 (April 1, 2021 to September 30, 2021)

As for the COVID-19, the situation has varied by region. With the progress of vaccination, economic activities in Europe and the United States have been normalized. On the other hand, emerging countries are forced to restrict their activities again due to the re-spread of COVID-19. In addition, supply chain disruptions, such as shortages of raw materials, particularly semiconductors, and soaring raw material prices, are worsening, and the future remains uncertain.

In this environment, OKI continues to promote structural reforms with the aim of establishing a foundation for sustainable growth through the resolution of social issues. At the same time, based on the materiality of the OKI Group, we are working to realize products and services that resolve seven social issues (aging problems, natural disasters, traffic issues, environmental issues, labor shortages, labor productivity, and the infectious diseases).

For the business conditions in the first half of the fiscal year ending March 31, 2022, net sales were ¥159.8 billion, a ¥13.7 billion or 7.9% decrease year-on-year. Sales to FA/semiconductor manufacturing equipment remained on a recovery trend from the end of the previous fiscal year, and there were positive developments such as an increase in demand for printer consumables due to the economic recovery in Europe and the United States and the impact of foreign exchange rates. On the other hand, the impact of material shortages, particularly in semiconductors, on production increased in the second quarter, resulting in a decline in sales.

In terms of profits, despite steady progress in structural reforms of Peripheral Products, an operating loss of ¥4.4 billion, worsened by ¥1.8 billion year-on-year, was recorded due to the impact of supply chain factors such as material shortages and soaring raw materials prices. The impact of production delays due to material shortages is estimated to have been approximately ¥10.0 billion in net sales and ¥3.0 billion in operating income.

Ordinary loss was ¥4.3 billion, worsened by ¥1.1 billion year-on-year, despite an improvement in foreign exchange rates.

In addition to the above, as a result of recording extraordinary losses of ¥2.5 billion for business restructuring expenses associated with the closure of the printer plant in China and structural reforms at sales companies in Europe and the United States, net loss attributable to owners of parent was ¥6.7 billion, worsened by ¥1.3 billion year-on-year.

The Company has adopted “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020) and related implementation guidance from the beginning of the fiscal year ending March 31, 2022. As a result, net sales in the first half of the fiscal year ending March 31, 2022 increased by ¥1.0 billion. For details, please refer to “(4) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” of “2. Consolidated Financial Statements and Significant Notes Thereto.”

(Billions of yen)	Six months ended September 30, 2021	Six months ended September 30, 2020	Year-on-year change rate
Net sales	159.8	173.5	(7.9) %
Operating income (loss)	(4.4)	(2.6)	–
Ordinary income (loss)	(4.3)	(3.2)	–
Profit (loss) attributable to owners of parent	(6.7)	(5.4)	–

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

From the first quarter of the fiscal year ending March 31, 2022, the reportable segment classification and the method of measuring have been changed. Therefore, in the comparison of the same period of the previous fiscal year below, figures for the same period of the previous fiscal year are compared with figures reclassified according to the segment classification and measurement method after the change.

#### 2) Results by business segment

##### < Solution Systems >

Net sales came to ¥68.9 billion (a year-on-year decrease of 16.6% or ¥13.8 billion) and operating loss was ¥0.2 billion (a year-on-year decline of ¥4.2 billion). Sales decreased mainly in the Enterprise Solutions business field and the Public Solutions business field. This was due to the fact that our

business plan for the fiscal year under review is more focused than ever in the fourth quarter, and that production and sales were affected by material shortages.

The material shortages mainly affected products such as network terminals and PBXs in the Enterprise Solutions business field and DX Solutions business field, and procurement concerns spread to various materials in the second quarter.

Sales in the DX domain, which the Company plans to expand as a growth strategy, are steadily increasing toward the annual plan.

(Billions of yen)	Six months ended September 30, 2021	Six months ended September 30, 2020	Year-on-year change rate
Net sales	68.9	82.7	(16.6) %
Operating income(loss)	(0.2)	4.0	–

#### <Components & Platforms>>

Net sales came to ¥90.7 billion (a year-on-year increase of 0.2% or ¥0.2 billion). In the Mono-zukuri Platforms business field, demand for FA/semiconductor manufacturing equipment remained strong. In the Components business field, demand for printer consumables increased due to economic recovery in Europe and the United States, and there were signs of recovery from the COVID-19 in the overseas market for Automation Systems. In addition to these factors, despite the positive impact of foreign exchange rates, sales and production were affected by material shortages, and earnings were unchanged from the previous year.

Operating loss was ¥1.2 billion (a year-on-year improvement of ¥2.5 billion). Although the impact of material shortages increased in Automation Systems in the second quarter, the results were largely in line with the plan, partly due to effect from the structural reform of Peripheral Products implemented in the medium-term business plan.

(Billions of yen)	Six months ended September 30, 2021	Six months ended September 30, 2020	Year-on-year change rate
Net sales	90.7	90.5	0.2 %
Operating income(loss)	(1.2)	(3.7)	–

#### <Others>

Net sales came to ¥0.2 billion (a year-on-year decrease of 44.6% or ¥0.1 billion) and operating income was ¥0.1 billion (a year-on-year improvement of ¥0.2 billion.)

(Billions of yen)	Six months ended September 30, 2021	Six months ended September 30, 2020	Year-on-year change rate
Net sales	0.2	0.3	(44.6) %
Operating income(loss)	0.1	(0.1)	–

## (2) Financial Position

### 1) Assets, liabilities, net assets, etc., at the end of the first half of the fiscal year ending March 31, 2022

At the end of the period under review, total assets decreased by ¥22.8 billion from the end of the previous fiscal year to ¥350.4 billion. Shareholders' equity decreased ¥8.8 billion from the end of the previous fiscal year to ¥104.2 billion mainly due to the recording of ¥6.7 billion in loss attributable to owners of parent and a distribution of ordinary dividends of ¥1.7 billion in the first half of the fiscal year ending March 31, 2022. As a result, shareholders' equity ratio stood at 29.7%.

With respect to assets, there was a decrease of ¥31.2 billion in notes and accounts receivable - trade, and contract assets, while there was an increase of ¥10.5 billion in inventories.

With respect to liabilities, there was a decrease of ¥9.7 billion in notes and accounts payable - trade. Borrowings decreased by ¥2.3 billion from ¥78.0 billion at the end of the previous fiscal year to ¥75.7 billion.

### 2) Cash flows for the first half of the fiscal year ending March 31, 2022

For the period under review, net cash provided by operating activities amounted to ¥9.9 billion (cash inflow of ¥16.6 billion for the same period of the previous fiscal year), due mainly to the decrease in working capital.

Net cash used in investing activities amounted to ¥7.5 billion (cash outflow of ¥10.1 billion for the same period of the previous fiscal year), due mainly to payments for purchase of property, plant and equipment.

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 ¥2.4 billion (net inflow of ¥6.5 billion for the same period of the previous fiscal year).

Net cash used in financing activities amounted to ¥6.3 billion (cash outflow of ¥6.7 billion for the same period of the previous fiscal year), due to repayments of borrowings and lease obligations.

In addition to the above factors, due to an increase of ¥0.1 billion from the effect of exchange rate change on cash and cash equivalents, cash and cash equivalents at the end of the period under review came to ¥38.0 billion, compared with ¥41.8 billion at the end of the previous fiscal year.

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

The earning forecasts for the fiscal year ending March 31, 2022, announced on May 10, 2021, remain unchanged.

We assume that supply chain disruptions will continue throughout the year, and conservatively estimate the impact of material shortages based on currently available information. We will strive to minimize the impact by enhancing alternative procurement and operational measures, optimizing sales prices in response to increased costs, and taking cost measures.

In the event that a significant deviation from the figures in the initial plan is observed, having examined the environment in which the business operates, such as future exchange rate fluctuations, market trends and supply chain situation etc., the Company will implement prompt disclosure.

(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, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	44,845	40,928
Notes and accounts receivable - trade	105,371	—
Notes and accounts receivable - trade, and contract assets	—	74,181
Finished goods	14,889	17,420
Work in process	14,558	17,300
Raw materials and supplies	17,937	23,184
Other	24,732	25,858
Allowance for doubtful accounts	(165)	(211)
Total current assets	222,170	198,662
Non-current assets		
Property, plant and equipment	51,314	51,675
Intangible assets	13,637	13,936
Investments and other assets		
Investment securities	38,632	37,724
Other	47,458	48,425
Total investments and other assets	86,091	86,149
Total non-current assets	151,043	151,761
Total assets	373,213	350,423
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	56,706	46,976
Short-term borrowings	38,123	43,907
Provisions	4,469	5,659
Other	54,852	55,048
Total current liabilities	154,151	151,592
Non-current liabilities		
Long-term borrowings	39,848	31,827
Provision for retirement benefits for directors (and other officers)	286	234
Other provisions	905	814
Retirement benefit liability	31,419	31,497
Other	33,336	30,093
Total non-current liabilities	105,795	94,466
Total liabilities	259,947	246,059
<b>Net assets</b>		
Shareholders' equity		
Share capital	44,000	44,000
Capital surplus	19,029	19,006
Retained earnings	56,315	47,872
Treasury shares	(919)	(868)
Total shareholders' equity	118,425	110,010
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,570	3,019
Deferred gains or losses on hedges	82	70
Foreign currency translation adjustment	(8,655)	(9,150)
Remeasurements of defined benefit plans	(399)	224
Total accumulated other comprehensive income	(5,401)	(5,835)
Share acquisition rights	168	138
Non-controlling interests	74	51
Total net assets	113,265	104,364
Total liabilities and net assets	373,213	350,423

(2) Consolidated Statements of Income and Comprehensive Income  
(Consolidated Statements of Income)  
(For the Six Months Ended September 30, 2020 and 2021)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	173,542	159,815
Cost of sales	132,163	120,559
Gross profit	41,378	39,256
Selling, general and administrative expenses	43,947	43,663
Operating loss	(2,568)	(4,406)
Non-operating income		
Interest income	16	52
Dividend income	708	697
Miscellaneous income	500	752
Total non-operating income	1,225	1,503
Non-operating expenses		
Interest expenses	737	668
Foreign exchange losses	428	—
Miscellaneous expenses	721	679
Total non-operating expenses	1,887	1,348
Ordinary loss	(3,231)	(4,252)
Extraordinary income		
Gain on sale of businesses	550	—
Total extraordinary income	550	—
Extraordinary losses		
Loss on disposal of non-current assets	590	—
Impairment losses	—	457
Business restructuring expenses	1,796	2,451
Total extraordinary losses	2,387	2,909
Loss before income taxes	(5,068)	(7,161)
Income taxes - current	201	600
Income taxes - deferred	160	(1,057)
Total income taxes	362	(457)
Loss	(5,431)	(6,704)
Profit attributable to non-controlling interests	14	9
Loss attributable to owners of parent	(5,445)	(6,714)

(Consolidated Statements of Comprehensive Income)  
(For the Six Months Ended September 30, 2020 and 2021)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Loss	(5,431)	(6,704)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,399)	(550)
Deferred gains or losses on hedges	(262)	(12)
Foreign currency translation adjustment	275	(499)
Remeasurements of defined benefit plans, net of tax	797	624
Total other comprehensive income	(588)	(439)
Comprehensive income	(6,019)	(7,143)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(6,033)	(7,148)
Comprehensive income attributable to non-controlling interests	13	4

## (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Cash flows from operating activities</b>		
Loss before income taxes	(5,068)	(7,161)
Depreciation	6,095	6,404
Impairment losses	—	457
Increase (decrease) in provisions	(1,759)	821
Interest and dividend income	(724)	(750)
Interest expenses	737	668
Loss (gain) on sale of businesses	(550)	—
Decrease (increase) in trade receivables	32,909	31,454
Decrease (increase) in inventories	(5,119)	(10,746)
Increase (decrease) in trade payables	(11,289)	(10,269)
Other, net	3,330	(609)
<b>Subtotal</b>	<b>18,560</b>	<b>10,269</b>
Interest and dividends received	724	750
Interest paid	(761)	(694)
Income taxes paid	(1,911)	(401)
<b>Net cash provided by (used in) operating activities</b>	<b>16,612</b>	<b>9,924</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(18,171)	(4,550)
Purchase of intangible assets	(1,917)	(2,656)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(1,045)	—
Other payments	(1,178)	(824)
Other proceeds	12,242	493
<b>Net cash provided by (used in) investing activities</b>	<b>(10,070)</b>	<b>(7,538)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	7,134	5,595
Repayments of long-term borrowings	(7,296)	(8,021)
Dividends paid	(4,316)	(1,720)
Repayments of lease obligations	(2,217)	(2,221)
Other, net	26	23
<b>Net cash provided by (used in) financing activities</b>	<b>(6,669)</b>	<b>(6,343)</b>
Effect of exchange rate change on cash and cash equivalents	(173)	127
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(300)</b>	<b>(3,830)</b>
Cash and cash equivalents at beginning of period	46,517	41,830
<b>Cash and cash equivalents at end of period</b>	<b>46,216</b>	<b>38,000</b>

#### (4) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Significant Changes in Shareholders' Equity)

Not applicable

(Changes of Significant Subsidiaries during the Six Months ended September 30, 2021)

For the first three months ended June 30, 2021, Oki Data Corporation, the Company's specified company and wholly owned subsidiary, is excluded from the scope of consolidation since it disappeared due to an absorption-type merger in which the Company was the surviving company.

(Changes in Accounting Policies)

(Adoption of the Accounting Standard for Revenue Recognition)

The Company has adopted "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020) and related implementation guidance from the beginning of the fiscal year ending March 31, 2022, and recognize revenue at the amount expected to be received in exchange for its goods or services when the dominance of the promised goods or services is transferred to a customers.

As a result of its change, revenue is recognized over a certain period of time as performance obligations are fulfilled for contract manufacturing and various types of work, except for very short-term work. In the past, the Company used to apply the percentage of completion standard to all construction projects and contract manufacturing, except for those that are very short term, and the completion standard to all other construction projects, when the results of the construction projects were deemed certain. The Company also uses the input method, which is calculated as the ratio of the actual cost to the estimated total cost, as a method to estimate the progress of fulfillment of the performance obligation. In cases where it is not possible to reasonably estimate the degree of progress in fulfilling the performance obligations, but it is expected that expenses incurred will be recovered, revenue is recognized only within the scope of the actual costs incurred.

With regard to the adoption of the Accounting Standard for Revenue Recognition, in accordance with the transitional treatment stipulated in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retroactively adopting the new accounting policy prior to the beginning of the fiscal year ending March 31, 2022, has been added to or deducted from retained earnings at the beginning of the fiscal year ending March 31, 2022 and the new accounting policy has been adopted from the beginning balance of the fiscal year ending March 31, 2022. However, the Company does not apply the new accounting policy retroactively to contracts for which the Company had recognized the amount of almost all revenues before the beginning of the first quarter under review according to the previous handling by applying the method stipulated in Paragraph 86 of the Accounting Standard for Revenue Recognition. In addition, applying the method stipulated in the in-addition clause (1) of Paragraph 86 of the Accounting Standard for Revenue Recognition, the Company accounted for changes in contracts that had been entered into before the beginning of the first quarter under review based on the terms of the contracts after reflecting all the changes in contracts and adds and subtracts their cumulative effects to and from retained earnings at the beginning of the first quarter under review.

As a result, net sales and cost of sales increased by ¥996 million and ¥711 million, respectively, and selling, general and administrative expenses decreased by ¥358 million. Operating income improved by ¥643 million. As a result of a ¥9 million decrease in non-operating expenses, ordinary income and income before income taxes and minority interests each improved by ¥652 million. The impact on retained earnings at the beginning of the first quarter of the current fiscal year is minimal.

In accordance with the application of Accounting Standard for Revenue Recognition and related implementation guidance from the first quarter of the current fiscal year, notes and accounts receivable, which were included in in the consolidated balance sheets of the previous fiscal year, have been included in "notes and accounts receivable - trade and contract assets". The Company has not reclassified the previous consolidated fiscal year using the new presentation method in accordance with the transitional treatment prescribed in Article 89, Paragraph -2 of the Accounting Standard for Revenue Recognition.

(Adoption of the Accounting Standard for Fair Value Measurement)

The Group has adopted “Accounting Standard for Fair Value Measurement” (ASBJ Statement No.30, July 4, 2019) and related implementation guidance from the beginning of the fiscal year ending March 31, 2022. Based on the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No.10, July 4, 2019), the Group have decided to apply the new accounting policies set forth by the Accounting Standard for Fair Value Measurement into the future. These changes had no impact on the quarterly consolidated financial statements.

(Additional Information)

(COVID-19 impact)

Based on the assumption that the spread of COVID-19 will continue for a certain period of time in the current consolidated fiscal year, the OKI Group (the Company and its consolidated subsidiaries) reflects the accounting estimate (determining the recoverability of deferred tax assets and indicators of impairment of fixed assets) in its accounting treatment. There have been no significant changes in these assumptions since the previous fiscal year.

However, the impact of COVID-19 is highly uncertain, and future results may differ from these estimates and assumptions.

(Segment Information)

I First half of the fiscal year ended March 31, 2021 (from April 1, 2020 to September 30, 2020)

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)
	Solution Systems	Components & Platforms	Total				
Net sales							
Net sales to external customers	82,675	90,531	173,206	335	173,542	–	173,542
Intersegment net sales or transfers	1,591	2,516	4,108	6,526	10,634	(10,634)	–
Total	84,267	93,047	177,314	6,862	184,177	(10,634)	173,542
Segment income (loss)	3,988	(3,657)	331	(64)	267	(2,836)	(2,568)

(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 ¥(2,836) million includes the elimination of intersegment transactions of ¥107 million, corporate expenses not allocated to each reportable segment of ¥(2,963) million, and an adjustment to non-current assets of ¥20 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 half of the fiscal year ending March 31, 2022 (from April 1, 2021 to September 30, 2021)

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)
	Solution Systems	Components & Platforms	Total				
Net sales							
Net sales to external customers	68,942	90,687	159,630	185	159,815	–	159,815
Intersegment net sales or transfers	286	1,849	2,136	4,622	6,758	(6,758)	–
Total	69,229	92,536	161,766	4,808	166,574	(6,758)	159,815
Segment income (loss)	(153)	(1,243)	(1,396)	72	(1,324)	(3,082)	(4,406)

(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 ¥(3,082) million includes the elimination of intersegment transactions of ¥122 million, corporate expenses not allocated to each reportable segment of ¥(3,202) million, and an adjustment to non-current assets of ¥(2) 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

(Change in segment classification)

From the first quarter of the fiscal year ending March 31, 2022, Oki Micro Engineering Co., Ltd. and its subsidiaries, which were previously included in the “Others” category, have been reclassified into the “Components & Platforms business” category for the purpose of improving earnings by sharing resources and improving efficiency with subsidiaries in the Components & Platforms business.

Segment information for the first half of the previous fiscal year is prepared based on the reportable segment classification after the change.

(Change in the measurement method)

From the first quarter of the fiscal year ending March 31, 2022, following the merger with Oki Data Corporation, the cases where Oki Data Corporation provided only its printer products to external customers via the Company have been reclassified from Solution Systems business to Components & Platforms business.

The segment information for the first half of the previous fiscal year has been prepared based on the changed measurement method.