

ESG DATA

Environment

	FY2019	FY2020	FY2021
Greenhouse gas (GHG) emissions*1			
SCOPE1 (t-CO ₂)	9,650	9,890	9,900
SCOPE2 (t-CO ₂)	72,700	67,600	65,200
SCOPE1+2 (t-CO ₂)	82,300	77,500	75,100
Greenhouse gas emission basic unit (SCOPE1+SCOPE2) (t/million yen)	0.180	0.197	0.213
SCOPE3 (t-CO ₂)	1,520,000	1,180,000	1,070,000
Energy consumption			
Total (MWh)	452,000	428,000	425,000
Waste			
Total amount of waste*2 (t)	13,300	12,800	16,100
Recycling rate*3 (%)	82.2	81.3	85.7
Water used			
Total amount used (m ³)	1,819,000	1,724,000	1,721,000
Total amount of wastewater (m ³)	1,421,000	1,349,000	1,324,000
Amount of chemical substances used*4			
Amount used (t)	429	552	517
Quantity of emissions (atmosphere/water system) (t)	10	9	9
Amount transferred (waste/product/sewage) (t)	41	42	46

*1 Calculated according to the Greenhouse Gas Protocol Initiative classifications.
 *2 Only routine waste from sites included; excludes waste resulting from large-scale construction, relocation, etc.
 *3 Recycling rate = Recycling amount/total amount of waste (including the valuable sale amount)(To properly evaluate company initiatives as indicated by target values, waste resulting from construction and relocation are excluded regardless of size.)
 *4 Handling volume of major chemical substances related to the PRTR Law (Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof)

For details of the data, refer to "Environment Data" on the website.
https://www.oki.com/en/eco/env_data/material_balance.html

Social

	FY2019	FY2020	FY2021
Number of employees (numbers in parentheses are for OKI alone)	17,751(4,203)	15,639(4,395)	14,850(4,760)
Male	13,776(3,666)	12,054(3,819)	11,400(4,117)
Female	3,975(537)	3,585(576)	3,450(643)
Number of temporary workers (numbers in parentheses are for OKI alone)	2,561(407)	2,444(461)	2,598(416)
Male	1,518(233)	1,456(284)	1,604(289)
Female	1,043(174)	988(177)	994(127)
Number of employees by region	17,751	15,639	14,850
Japan	12,406	12,271	11,992
Asia and others	3,357	2,926	2,600
Americas	1,553	120	46
Europe	435	322	212
Management gender ratio (numbers in parentheses are for OKI alone)			
Male (%)	94.1(96.6)	94.7(96.7)	94.9(96.4)
Female (%)	5.9(3.4)	5.3(3.3)	5.1(3.6)
Average length of service (years)*1	20.0	19.5	19.9
Male	20.3	19.9	20.6
Female	17.3	16.2	15.4
Average monthly hours of overtime (hours/month)*1	22.59	24.93	27.40
Paid leave usage rate (%)*1	64.0	54.1	59.8
Number of employees taking childcare leave*1	14	19	25
Male	1	7	4
Female	13	12	21
Employment rates of challenged people (%)*2	2.33	2.45	2.44
Number of hires (new graduates)*3	272	266	259
Male	203	206	196
Female	69	60	63
Number of hires (mid-career)*3	104	36	46
Male	88	29	41
Female	16	7	5
Rate of employee turnover (%)*3 (numbers in parentheses are for OKI alone)	2.1(1.5)	1.4(1.3)	1.8(1.6)
Rate of voluntary employee turnover (%)*3 (numbers in parentheses are for OKI alone)	1.9(1.2)	1.2(1.1)	1.6(1.5)
Average annual hours of education and training per employee (hours)*1	19.3	15.6	17.0
Average annual education and training expenses per employee (yen)*1	85,221	64,314	60,644
Incidence rates of occupational accidents*1	0.00	0.00	0.09
Severity rate of occupational accidents*1	0.00	0.00	0.00

*1 OKI alone
 *2 Aggregate of seven special subsidiary-applied Group companies
 *3 Domestic OKI Group

Governance

	June 2020	June 2021	June 2022
Number of Directors, Audit & Supervisory Board Members			
Number of directors	9	9	9
Number of outside directors	4	4	4
Number of female directors	1	1	1
Number of outside directors with business management experience	2	2	2
Number of Audit & Supervisory Board members	4	5	5
Number of outside Audit & Supervisory Board members	2	3	3
Number of female Audit & Supervisory Board members	0	0	0

	FY2019	FY2020	FY2021
Board of Directors Attendance Rate			
Overall attendance rate by directors	98.9	100	100
Overall attendance rate by Audit & Supervisory Board members	100	97.5	100

	FY2019 (no. of applicable executives)	FY2020 (no. of applicable executives)	FY2021 (no. of applicable executives)
Total Compensation, etc. of Directors and Audit & Supervisory Board Members			
Directors excluding outside directors (millions of yen)	262(5)	265(5)	234(6)
Audit & Supervisory Board members excluding outside Audit & Supervisory Board members (millions of yen)	46(3)	46(2)	46(3)
Outside directors (millions of yen)	40(5)	46(4)	53(4)
Outside Audit & Supervisory Board members (millions of yen)	14(2)	17(4)	24(3)

*Total compensation, etc. includes compensation, etc. of directors and Audit & Supervisory Board members who retired at the close of each fiscal year's ordinary general meeting of shareholders.

	FY2019	FY2020	FY2021
Cross Shareholdings			
Number of stock brands	93	84	78
Total value recorded on balance sheet (billions of yen)	31.7	35.5	31.5

	FY2019	FY2020	FY2021
Compliance, Fair Corporate Activities			
Number of bribery and corruption issues	0	0	0
Number of cases consulted to consultation and reporting contacts*1	42	41	23
Participation rate of compliance manager training (%)*2	99.7	100	100
Participation rate of workplace compliance training (%)*3	99.9	100	99.9

*1 Domestic OKI Group
 *2 Domestic OKI Group managers and promoters
 *3 All domestic OKI Group employees

External Evaluations

ESG Indexes in Which OKI Is Included



Evaluations by External Organizations



*FTSE Russell confirms that OKI has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index. Created by the global index and data provider FTSE Russell, the FTSE Blossom Japan Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index are used by a wide variety of market participants to create and assess responsible investment funds and other products.
<https://www.ftserussell.com/products/indices/blossom-japan>

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CONSOLIDATED BALANCE SHEETS [UNAUDITED]

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
As of March 31, 2022

ASSETS	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Current assets:			
Cash and deposits	¥ 36,691	¥ 44,845	\$ 300,745
Notes and accounts receivable	—	105,371	—
Notes and accounts receivable, and contract assets (Note 4)	94,469	—	774,336
Lease receivables and investments in leases	10,355	12,732	84,877
Finished goods	17,425	14,889	142,827
Work in process	14,713	14,558	120,598
Raw materials and supplies	26,023	17,937	213,303
Other current assets	12,216	11,999	100,131
Allowance for doubtful receivables	(57)	(165)	(467)
Total current assets	211,837	222,170	1,736,368
Non-current assets:			
Property, plant and equipment:			
Buildings and structures	19,793	20,239	162,237
Machinery, equipment and vehicle	8,801	8,550	72,139
Tools, furniture and fixtures	6,914	7,862	56,672
Land	15,996	14,272	131,114
Construction in progress	6,147	390	50,385
Total property, plant and equipment (Note 4)	57,653	51,314	472,565
Intangible assets	14,027	11,969	114,975
Investments and other assets:			
Investments in securities (Note 4)	34,495	38,632	282,745
Asset for retirement benefits	30,447	30,635	249,565
Long-term trade receivables	25,047	22,245	205,303
Other investments and other assets	13,909	14,181	114,008
Allowance for doubtful receivables	(18,246)	(19,604)	(149,557)
Total investments and other assets	85,652	86,091	702,065
Total non-current assets	157,333	149,376	1,289,614
Total assets	¥ 369,170	¥ 371,546	\$ 3,025,983

LIABILITIES	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Current liabilities:			
Notes and accounts payable	¥ 56,691	¥ 56,706	\$ 464,680
Short-term borrowings (Note 4)	43,337	38,123	355,221
Lease obligations	3,912	4,202	32,065
Other accrued expenses	19,138	21,028	156,868
Other current liabilities (Note 4)	34,878	34,091	285,885
Total current liabilities	157,958	154,151	1,294,737
Long-term liabilities:			
Long-term borrowings	43,838	39,848	359,327
Lease obligations	9,740	12,670	79,836
Deferred tax liabilities	12,961	15,880	106,237
Provision for directors' retirement benefits	195	286	1,598
Liability for retirement benefits	31,320	31,419	256,721
Other long-term liabilities	5,520	5,691	45,245
Total long-term liabilities	103,576	105,795	848,983
Total liabilities	261,535	259,947	2,143,729
NET ASSETS			
Shareholders' equity:			
Capital stock	44,000	44,000	360,655
Additional paid-in capital	19,006	19,029	155,786
Retained earnings	55,103	54,767	451,663
Treasury stock, at cost	(869)	(919)	(7,122)
Total shareholders' equity	117,241	116,877	960,991
Accumulated other comprehensive income:			
Net unrealized holding gain (loss) on other securities	1,030	3,570	8,442
Gain (loss) on deferred hedges	22	82	180
Translation adjustments	(9,069)	(8,774)	(74,336)
Retirement benefits liability adjustments	(1,788)	(399)	(14,655)
Total accumulated other comprehensive income	(9,804)	(5,520)	(80,360)
Subscription rights to shares	138	168	1,131
Non-controlling interests	60	74	491
Total net assets	107,635	111,598	882,254
Total liabilities and net assets	¥ 369,170	¥ 371,546	\$ 3,025,983

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF INCOME [UNAUDITED]

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Year ended March 31, 2022

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Net sales	¥ 352,064	¥ 392,868	\$ 2,885,770
Cost of sales	261,948	293,444	2,147,114
Gross profit	90,116	99,423	738,655
Selling, general and administrative expenses (Note 5)	84,252	90,528	690,590
Operating income	5,864	8,895	48,065
Non-operating income			
Interest income	118	40	967
Dividend income	1,177	1,141	9,647
Foreign exchange gain	1,897	447	15,549
Other	1,472	1,656	12,065
Total non-operating income	4,665	3,285	38,237
Non-operating expenses			
Interest expense	1,340	1,411	10,983
Loss on liquidation of subsidiaries	—	424	—
Other	1,496	1,579	12,262
Total non-operating expenses	2,837	3,415	23,254
Ordinary income	7,691	8,766	63,040
Extraordinary income			
Gain on sale of fixed assets	550	—	4,508
Gain on sale of investments in securities	502	—	4,114
Gain on sale of businesses	—	512	—
Total extraordinary income	1,053	512	8,631
Extraordinary loss			
Loss on sale and disposition of fixed assets	629	920	5,155
Loss on impairment of fixed assets (Note 5)	1,144	465	9,377
Business structure improvement expenses (Note 5)	2,798	4,566	22,934
Total extraordinary loss	4,571	5,952	37,467
Profit before income taxes	4,173	3,326	34,204
Income taxes			
Current	2,398	519	19,655
Deferred	(303)	3,593	(2,483)
Total income taxes	2,094	4,113	17,163
Profit (loss)	2,078	(786)	17,032
Profit attributable to non-controlling interests	12	33	98
Profit (loss) attributable to owners of parent	¥ 2,065	¥ (819)	\$ 16,926

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME [UNAUDITED]

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Year ended March 31, 2022

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Profit (loss)	¥ 2,078	¥ (786)	\$ 17,032
Other comprehensive income			
Net unrealized holding gain (loss) on other securities	(2,540)	3,788	(20,819)
Gain (loss) on deferred hedges	(59)	(29)	(483)
Translation adjustments	(293)	267	(2,401)
Retirement benefits liability adjustments	(1,388)	7,183	(11,377)
Share of other comprehensive income of entities accounted for using equity method	—	0	—
Total other comprehensive income (Note 6)	(4,282)	11,210	(35,098)
Comprehensive income	¥ (2,204)	¥ 10,423	\$ (18,065)
Comprehensive income attributable to:			
Owners of the parent	¥ (2,217)	¥ 10,387	\$ (18,172)
Non-controlling interests	¥ 13	¥ 36	\$ 106

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS [UNAUDITED]

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Year ended March 31, 2022

	Shareholders' equity					Accumulated other comprehensive income								Total net assets
	Capital stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain (loss) on other securities	Gain (Loss) on deferred hedges	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests		
	Millions of yen													
Balance at March 31, 2020	¥ 44,000	¥ 19,047	¥ 60,847	¥ (971)	¥ 122,923	¥ (218)	¥ 112	¥ (9,029)	¥ (7,583)	¥ (16,718)	¥ 171	¥ 64	¥ 106,440	
Cumulative effects of changes in accounting policies			(933)		(933)			(9)		(9)			(943)	
Restated balance	44,000	19,047	59,914	(971)	121,989	(218)	112	(9,038)	(7,583)	(16,727)	171	64	105,497	
Dividends from surplus			(4,326)		(4,326)								(4,326)	
Loss attributable to owners of parent			(819)		(819)								(819)	
Purchases of treasury stock				(1)	(1)								(1)	
Disposition of treasury stock		(17)		53	35								35	
Net changes in items other than shareholders' equity during the term						3,789	(29)	263	7,183	11,206	(3)	10	11,213	
Net changes during the term	—	(17)	(5,146)	51	(5,112)	3,789	(29)	263	7,183	11,206	(3)	10	6,101	
Balance at March 31, 2021	44,000	19,029	54,767	(919)	116,877	3,570	82	(8,774)	(399)	(5,520)	168	74	111,598	
Cumulative effects of changes in accounting policies			1		1					—			1	
Restated balance	44,000	19,029	54,769	(919)	116,878	3,570	82	(8,774)	(399)	(5,520)	168	74	111,600	
Dividends from surplus			(1,731)		(1,731)								(1,731)	
Profit attributable to owners of parent			2,065		2,065								2,065	
Purchases of treasury stock				(1)	(1)								(1)	
Disposition of treasury stock		(22)		52	29								29	
Net changes in items other than shareholders' equity during the term						(2,540)	(59)	(294)	(1,388)	(4,283)	(29)	(13)	(4,327)	
Net changes during the term	—	(22)	334	50	362	(2,540)	(59)	(294)	(1,388)	(4,283)	(29)	(13)	(3,964)	
Balance at March 31, 2022	¥ 44,000	¥ 19,006	¥ 55,103	¥ (869)	¥ 117,241	¥ 1,030	¥ 22	¥ (9,069)	¥ (1,788)	¥ (9,804)	¥ 138	¥ 60	¥ 107,635	

	Shareholders' equity					Accumulated other comprehensive income								Total net assets
	Capital stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain (loss) on other securities	Gain (Loss) on deferred hedges	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests		
	Thousands of U.S. dollars													
Balance at March 31, 2021	\$360,655	\$155,975	\$448,909	\$ (7,532)	\$ 958,008	\$29,262	\$ 672	\$ (71,918)	\$ (3,270)	\$ (45,245)	\$ 1,377	\$ 606	\$ 914,737	
Cumulative effects of changes in accounting policies			8		8					—			8	
Restated balance	360,655	155,975	448,926	(7,532)	958,016	29,262	672	(71,918)	(3,270)	(45,245)	1,377	606	914,754	
Dividends from surplus			(14,188)		(14,188)								(14,188)	
Profit attributable to owners of parent			16,926		16,926								16,926	
Purchases of treasury stock				(8)	(8)								(8)	
Disposition of treasury stock		(180)		426	237								237	
Net changes in items other than shareholders' equity during the term						(20,819)	(483)	(2,409)	(11,377)	(35,106)	(237)	(106)	(35,467)	
Net changes during the term	—	(180)	2,737	409	2,967	(20,819)	(483)	(2,409)	(11,377)	(35,106)	(237)	(106)	(32,491)	
Balance at March 31, 2022	\$360,655	\$155,786	\$451,663	\$ (7,122)	\$ 960,991	\$ 8,442	\$ 180	\$ (74,336)	\$ (14,655)	\$ (80,360)	\$ 1,131	\$ 491	\$ 882,254	

CONSOLIDATED STATEMENTS OF CASH FLOWS [UNAUDITED]

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Year ended March 31, 2022

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Cash flows from operating activities:			
Profit before income taxes	¥ 4,173	¥ 3,326	\$ 34,204
Depreciation	12,602	12,798	103,295
Impairment losses	1,144	465	9,377
Increase (decrease) in provisions	(3,627)	(3,787)	(29,729)
Interest and dividend income	(1,295)	(1,182)	(10,614)
Interest expense	1,340	1,411	10,983
Loss (gain) on sale of investment securities	(502)	(99)	(4,114)
Loss (gain) on sale of businesses	—	(512)	—
Decrease (increase) in trade receivables	15,807	6,567	129,565
Decrease (increase) in inventories	(12,679)	3,886	(103,926)
Increase (decrease) in trade payables	(5,821)	(7,635)	(47,713)
Other, net	(3,264)	4,992	(26,754)
Subtotal	7,877	20,230	64,565
Interest and dividends received	1,295	1,182	10,614
Interest paid	(1,394)	(1,435)	(11,426)
Income taxes paid	(1,857)	(2,579)	(15,221)
Net cash provided by (used in) operating activities	5,921	17,398	48,532
Cash flows from investing activities:			
Purchase of property, plant and equipment	(16,811)	(21,419)	(137,795)
Proceeds from sale of property, plant and equipment	3,778	12,002	30,967
Purchase of intangible assets	(4,889)	(4,387)	(40,073)
Proceeds from sale of investment securities	1,000	1,430	8,196
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	(1,045)	—
Purchase of long-term prepaid expenses	(1,050)	(1,496)	(8,606)
Other payments	(331)	(210)	(2,713)
Other proceeds	707	1,340	5,795
Net cash provided by (used in) investing activities	(17,597)	(13,784)	(144,237)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	(1,244)	324	(10,196)
Proceeds from long-term borrowings	25,078	13,580	205,557
Repayments of long-term borrowings	(16,080)	(14,009)	(131,803)
Dividends paid	(1,726)	(4,308)	(14,147)
Repayments of lease liabilities	(4,369)	(4,464)	(35,811)
Other, net	23	25	188
Net cash provided by (used in) financing activities	1,680	(8,852)	13,770
Effect of exchange rate change on cash and cash equivalents	1,544	551	12,655
Net increase (decrease) in cash and cash equivalents	(8,451)	(4,686)	(69,270)
Cash and cash equivalents at beginning of period	41,830	46,517	342,868
Cash and cash equivalents at end of period (Note 8)	¥ 33,379	¥ 41,830	\$ 273,598

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS [UNAUDITED]

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
March 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) Basis of Preparing Consolidated Financial Statements

The accompanying consolidated financial statements of Oki Electric Industry Co., Ltd. (the "Company") and consolidated subsidiaries (the OKI Group) have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

As permitted, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sum of the individual amounts.

The translation of yen amounts into U.S. dollar amounts is included solely for convenience and has been made, as a matter of arithmetic computation only, at ¥122 = U.S.\$1.00, the approximate exchange rate prevailing at March 31, 2022. This translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

In addition, certain reclassifications of previously reported amounts have been made to conform to the current year presentation.

2) Scope of consolidation

All 62 subsidiaries are included in the scope of consolidation.

The newly established OKI Trading (Kunshan) Co., Ltd. is included in the consolidated account from this fiscal year. OKI Data Corporation is not included in the consolidated account since it has been absorbed by the Company. Likewise, Nagano Oki Electric Co., Ltd. is not included because of its merger with a consolidated subsidiary Oki Communication Systems Co., Ltd., Oki Printed Circuits Co., Ltd. is not included due to its merger with a consolidated subsidiary OKI Circuit Technology Co., Ltd., and JNO Co., Ltd. is not included because of its merger with a consolidated subsidiary OKI Crosstech Co., Ltd., while OKI BR Argentina S.A. is not included due to its liquidation. Note that Oki Communication Systems Co., Ltd. changed its name to OKI Nextech Co., Ltd.

3) Application of equity method

(1) Name of affiliated company to which the equity method is applied:
BANKING CHANNEL SOLUTIONS LIMITED and other one company

(2) Name of affiliated company to which the equity method is not applied:
TOWN NETWORK SERVICE Corporation
Reason for not applying the equity method:
The company has little influence and has no significance on profit or loss and retained earnings.

4) Accounting standards

(1) Valuation standards and methods for significant assets

(i) Negotiable securities

The Company and its domestic consolidated subsidiaries value securities in accordance with how they are held as indicated below. Overseas consolidated subsidiaries apply the lower of cost or fair value.

Other securities:

Those other than shares without market value:

Stated at fair value based on the market price at the end of the fiscal year (Any difference between book value and fair value is included in net assets; sales costs are calculated by mainly the moving average method.)

Non-marketable securities:

Mainly stated at cost based on the moving average method

(ii) Inventories

The Company and its domestic consolidated subsidiaries value inventories as below. Overseas consolidated subsidiaries primarily apply the lower of cost or fair value.

Products:

Primarily stated at cost based on the moving average method. (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

Work in process:

Primarily stated at cost based on the specific identification method. (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

Raw materials and supplies:

Primarily stated at cost based on the moving average method. (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

(iii) Derivatives

Stated at fair value

(2) Depreciation and amortization of important assets

(i) Property, plant and equipment (excluding lease assets)

The Company and its domestic consolidated subsidiaries primarily apply the declining-balance method; overseas consolidated subsidiaries primarily apply the straight-line method.

(ii) Intangible assets (excluding lease assets)

The Company and its domestic consolidated subsidiaries apply the straight-line method.

For software sold in the market, amortization is based on the estimated amounts of sales in the estimated number of years for sales (3 years). For software for internal use, the straight-line method, based on the estimated durable years (mainly 5 years), is used.

Overseas consolidated subsidiaries primarily apply the straight-line method.

(iii) Lease assets

Lease assets relating to finance lease transactions that do not transfer ownership are depreciated over the lease contract's lifetime by the straight-line method, assuming the residual value is zero.

(3) Basis for provision of reserves

(i) Allowance for doubtful receivables

To prepare for any losses of accounts receivable and loans, the Company and its domestic consolidated subsidiaries calculate the amount of potential loss by using the historical loss ratio for non-classified loans/receivables and individual assessment for classified loans/receivables. Overseas consolidated subsidiaries calculate the amount of potential loss by individually assessing the possibility of collection for specific loans/receivables.

(ii) Provision for Directors' retirement benefits

Some consolidated subsidiaries register the necessary amount at the end of the year in accordance with internal rules to prepare for the payment of Directors' retirement allowance.

(4) Method of accounting for retirement benefits

(i) Attributing expected retirement benefits to a period

When calculating retirement benefit obligations, the Company applies the benefit formula basis to attribute expected retirement benefits to the period until the end of the fiscal year under review.

(ii) Accounting for actuarial gains and losses, and prior service costs
Prior service costs are amortized by the straight-line method over a set number of years (10 to 13 years) within the average remaining years of service of employees.

Actuarial gains and losses are amortized by the straight-line method over a set number of years (10 to 13 years) within the average remaining years of service of employees.

(5) Basis for provision of income and expense

(i) Sales of products

Revenue from product sales in the Solution Systems business and the Components & Platforms business is recognized when the customer's acceptance inspection is complete if the acceptance inspection is carried out, or when the delivery is made in the case where the acceptance inspection is not carried out, depending on the agreement, etc. with the given customer.

(ii) Provision of services

Revenue from provision of services in the Solution Systems business and the Components & Platforms business is recognized in accordance to the provision of services. In the case that the provision of services is made over the agreed duration, such as regular maintenance contracts, revenue is recognized based on the elapsed time period.

For contract productions and engineering work of social infrastructure mainly in the Solution Systems business, revenue is recognized based on the progress of the performance obligation, on the assumption that the obligation is satisfied over a certain period. In such a case, the progress is measured by the ratio of the costs incurred by the end of the term to the estimated total costs.

(6) Important hedge accounting methods

(i) Hedge accounting methods

Deferred hedging is applied. Allocation treatment is applied for forward exchange contracts eligible for allocation treatment. Special treatment is applied to interest rate swaps that meet the requirements for special treatment.

(ii) Means of hedging and hedged item

Forward exchange contracts are used to hedge fluctuations of exchange rates on credits and debts in foreign currencies. Interest rate swaps are employed to hedge fluctuations of market interest rates on variable-rate long-term borrowings.

(iii) Hedging policy

Derivative transactions are used to hedge fluctuations of market rates on credits and debts.

(iv) Assessment method of the effectiveness of hedges

To determine the effectiveness, the Company compares the accumulated total of the market fluctuations or the cash flow fluctuations for the hedged item and that of the market fluctuations or the cash flow fluctuations for the means of hedging, during the period from the start of hedging to the assessment. The Company then makes a decision based on the changes of the two.

(7) Amortization of goodwill and amortization period

Goodwill is evenly amortized over its useful life (mainly 5 years).

(8) Cash equivalents

All highly liquid investments, with a maturity of three months or less when purchased, which are readily convertible into known amounts of cash and are so near maturity that they represent only an insignificant risk of any change in value attributable to changes in interest rates, are considered cash equivalents.

(9) Other important matters in preparation of consolidated financial statements

(i) Application of consolidated tax payments

Consolidated tax payments are applied.

(ii) Application of deferred tax accounting for the transition from the consolidated taxation system to the group tax sharing system

The Company and consolidated subsidiaries in Japan will make the transition from the consolidated taxation system to the group tax sharing system from the next fiscal year. However, as for items regarding the transition to the group tax sharing system introduced in the "Act Partially Amending the Income Tax Act" (Act No. 8 of 2020) and items revised on non-consolidated taxation system in connection with the transition to the group tax sharing system, the Company has not applied the provisions of Paragraph 44 of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) as allowed by the provisions of Paragraph 3 of the "Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39, March 31, 2020). Accordingly, amounts of deferred tax assets and deferred tax liabilities are determined in accordance with the provisions of the tax law before revision.

The Company plans to apply the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021), which prescribes handling of the accounting process and disclosure of the corporate tax, local corporate tax and the tax effect accounting for the group tax sharing system, from the beginning of the next fiscal year.

2. NOTES ON 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 under review, 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 customer.

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.

In addition, in the case of a transaction in which the Company purchases raw materials from a customer and sells them to the customer after processing, the Company previously recognized revenue at the gross amount of consideration including the purchase price of the raw materials, but changed the method to recognize revenue only at the net amount equivalent to the processing cost, excluding the purchase price of the raw materials.

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 ended March 31, 2022, has been added to or deducted from retained earnings at the beginning of the fiscal year ended March 31, 2022 and the new accounting policy has been adopted from the beginning balance of the fiscal year ended 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 fiscal year 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 fiscal year 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 fiscal year under review.

As a result, net sales, cost of sales, and selling, general and administrative expenses decreased by ¥598 million (\$4,901 thousand), ¥269 million (\$2,204 thousand), and ¥735 million (\$6,024 thousand), respectively. Thus, operating income improved by

¥406 million (\$3,327 thousand). As a result of a ¥18 million (\$147 thousand) decrease in non-operating expenses, ordinary income and profit before income taxes each improved by ¥424 million (\$3,475 thousand). The impact on retained earnings at the beginning of the fiscal year under review is minimal.

In accordance with the application of Accounting Standard for Revenue Recognition and related implementation guidance from the beginning of the fiscal year under review, notes and accounts receivable, which were included 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 ended 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 full-year consolidated financial statements.

(Implementation costs associated with cloud computing agreements) Certain overseas consolidated subsidiaries apply International Financial Reporting Standards (IFRS). In the past, they applied IAS 38 ("Intangible Assets"), recognizing configuration and customization costs associated with cloud computing agreements as intangible assets. However, based on an agenda decision by the IFRS Interpretations Committee announced in April 2021, those overseas subsidiaries changed their accounting policy to recognize the costs of configuration and customization services as expenses when received. This change in accounting policy has been applied retroactively, and the consolidated financial statements for the previous fiscal year have been retroactively adjusted for purposes of comparison.

As a result of this retroactive application, SG&A expenses for the fiscal year ended March 31, 2021 rose by ¥614 million, while operating income, ordinary income, and profit before income taxes each declined by ¥614 million. In the consolidated balance sheets for the fiscal year ended March 31, 2021, intangible assets were ¥1,667 million lower, and the foreign currency translation adjustment decreased by ¥119 million. In addition, the cumulative effect was reflected in net assets at the beginning of the fiscal year ended March 31, 2021, causing a ¥933 million decrease in the beginning balance of retained earnings. Also, the foreign currency translation adjustment at the beginning of the previous fiscal year was down by ¥9 million.

As a result, net assets per share for the fiscal year ended March 31, 2021 fell by ¥19.26, and the net loss per share worsened by ¥7.09.

3. ACCOUNTING ESTIMATES

1) Estimate of recoverability of claims for which litigation is currently pending

(1) Amount recognized on the consolidated financial statements for the years ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Allowance for doubtful receivables	¥ 9,408	¥ 11,271	\$ 77,114

(2) Information regarding important accounting estimates for the item identified

(i) Overview

Oki Banking Systems (Shenzhen) Co., Ltd. (hereinafter "OBSZ"), a consolidated subsidiary of the Company in China, includes accounts receivable of RMB1,115,463 million or ¥21,483 million (\$176,090 thousand) from Shenzhen Yihua Computer Industrial Co., Ltd. (hereinafter "Yihua Industrial") in long-term trade receivables. OBSZ filed a request for arbitration with the South China International Economic and Trade Arbitration Commission, on October 10, 2015, demanding payment of such accounts receivable and compensation of damages (Case A). Further, OBSZ filed litigation to commingle property beyond legal personality with the High People's Court of Guangdong Province against Shenzhen Yihua Computer Co., Ltd. ("Yihua Computer"), the parent of Yihua Industrial, and others as defendants, claiming that they are jointly and severally responsible for payment of the above claims against Yihua Industrial which had been unpaid, to request protection of property (Case B).

Subsequently, Case A was adjudicated by the South China International Economic and Trade Arbitration Commission on December 16, 2020, and it ruled that Yihua Industrial pay OBSZ the unpaid amount for merchandise of RMB1,096,866 million or ¥21,125 million (\$173,155 thousand) as well as interest for arrears, legal costs, and others, and this is being settled by arbitration. Regarding Case B, on December 23, 2021, the High People's Court of Guangdong Province sentenced Yihua Computer and affiliates to take the collective liability for the payment to be made by Yihua Industrial to OBSZ. In response to this, Yihua Computer and affiliates lodged an appeal to the Supreme People's Court on January 5, 2022. The case is currently being tried.

Given that it is expected to take a considerable amount of time before Yihua Industrial fulfills the arbitration result of Case A, OBSZ has allowance for doubtful receivables recorded from the past year.

(ii) Calculation method for the amount recognized on the consolidated financial statements for the fiscal year and major assumptions to the calculation

For OBSZ, as a result of discounting cash flows that are considered recoverable when the probability of the ruling being upheld and the law suit being settled in Case B is taken into account for a period that is considered to be required for recovery, RMB488,507 million or ¥9,408 million (\$77,114 thousand) is estimated to be irrecoverable and added to allowance for doubtful receivables, and a reversal of doubtful receivables of ¥3,198 million (\$26,213 thousand) was accounted for as a reversal of selling, general and administrative expenses.

(iii) Impact on the consolidated financial statements for the next fiscal year

There is a possibility that the amount estimated to be irrecoverable will vary significantly depending on the outcome of the lawsuit of Case B.

2) Estimate of total costs used to measure the progress of the performance obligation in the recognition of revenue

(1) Amount recognized on the consolidated financial statements for the years ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Among the revenue associated with the performance obligation satisfied over a certain period, revenue recorded based on the progress calculated by the ratio of the incurred costs to the estimated total costs	¥ 49,520	—	\$ 405,901
Of which, for the years ended March 31, 2022, an amount recognized related to construction projects in progress at the end of the period.	¥ 22,108	—	\$ 181,213

(2) Information regarding important accounting estimates for the item identified

(i) Calculation method for the amount recognized on the consolidated financial statements for the years ended March 31, 2022 and major assumptions to the calculation

As for the method of estimating progress towards satisfaction of performance obligations, the degree of progress is calculated at the proportion of actual cost to estimated total costs (input method).

In addition, when estimating total cost, a reliably estimate of the amount is made based on judgment of construction supervisors and the management. For example, we review the execution budget in a timely and appropriate way and it has been developed by collecting sufficient and detailed information relating to changes in the work scope based on customers' requests.

(ii) Impact on the consolidated financial statements for the next fiscal year

Contract manufacturing and construction for social infrastructure performed by the Group are highly individualized in nature given they are designed based on instructions of customers. Accordingly, changes in work scope at the request of a customer, unexpected defects during the manufacturing process of software, and other factors may result in a considerable increase in work-hours required for manufacturing. On the other hand, cost to be incurred in the future may be reduced as a result of our own efforts.

If the estimated total cost changes due to those impacts and other factors, net sales may change in conjunction with a change in the degree of progress.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS [UNAUDITED]

3) Estimate of recoverability of deferred tax assets

(1) Amount recognized on the consolidated financial statements for the years ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Deferred tax assets	¥ 8,265	¥ 7,796	\$ 67,745

(2) Information regarding important accounting estimates for the item identified

(i) Calculation method for the amount recognized on the consolidated financial statements for the fiscal year and major assumptions to the calculation

The Group evaluates the recoverability of deferred tax assets by taking into account the possibility of being able to use deductible temporary difference and part of loss carry forwards in the estimation of future taxable income. We believe deferred tax assets recognized for the fiscal year are highly recoverable based on the projection of future taxable income over a period during which deferred tax assets are deductible.

An estimate of future taxable income used in evaluating the recoverability of deferred tax assets is based on the future business plans. In developing the business plans, the assumption that the disruption of supply chain, such as parts shortages, especially the semiconductors, raw material price surge, and distribution cost surge, will continue beyond the next fiscal year.

(ii) Impact on the consolidated financial statements for the next fiscal year

The management judges the abovementioned major assumptions reasonable. However, if actual future taxable income differs from the estimate as a result of significant changes in the management environment and other factors, the recoverability of deferred tax assets may be evaluated differently.

4. CONSOLIDATED BALANCE SHEET

1) Balances of receivables from contracts with customers and contract assets

Balances of receivables from contracts with customers and contract assets among Notes receivable, Accounts receivable and Contract assets at March 31, 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Notes receivable	¥ 8,400		\$ 68,852
Accounts receivable	69,293		567,975
Contract assets	16,298		133,590

2) Accumulated depreciation for Property, plant and equipment

Accumulated depreciation for Property, plant and equipment at March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Accumulated depreciation	¥ 160,268	¥ 161,079	\$ 1,313,672

3) Assets pledged as collateral and Liabilities collateralized by the above assets

Assets pledged as collateral at March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Investments in securities	¥ 5,449	¥ 5,660	\$ 44,663

Liabilities collateralized by the above assets at March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Short-term borrowings	¥ 100	¥ 500	\$ 819

4) Investments in unconsolidated subsidiaries and affiliates

Investments in unconsolidated subsidiaries and affiliates at March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Investments in securities	¥ 1,772	¥ 1,753	\$ 14,524

5) Contract liabilities

The balance of contract liabilities in Other current liabilities at March 31, 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Contract liabilities	¥ 8,548		\$ 70,065

6) Liabilities for guarantee

Guarantee for borrowings by employees at March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Guarantee for borrowings by employees	¥ 60	¥ 85	\$ 491

7) Contingent liabilities

OKI Brasil Indústria e Comércio de Produtos e Tecnologia em Automação LTDA. (OKI Brasil), a consolidated subsidiary, received an additional tax assessment notice from the tax authorities of Sao Paulo State on August 20, 2018.

According to this notice, OKI Brasil was ordered to pay 90 million BRL or ¥2,309 million (\$18,926 thousand) as ICMS (tax on distribution of goods and services).

However, OKI Brasil refuses to accept this order, and it has filed a lawsuit. The Company cannot reasonably estimate the probability of the occurrence of a loss or the amount of a loss at present.

8) The unexecuted balance of overdraft and Commitment Line

The OKI Group has concluded overdraft agreement and Commitment Line agreement with transaction banks etc. for efficient procurement of working capital. The unexecuted balance of overdraft and Commitment Line at March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Total overdraft and Commitment Line amount	¥ 66,367	¥ 68,071	\$ 543,991
Amount of borrowing execution balance	12,292	12,672	100,754
Net	¥ 54,074	¥ 55,398	\$ 443,229

5. CONSOLIDATED STATEMENT OF INCOMES

1) Research and development expenses

Research and development expenses for the years ended March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Selling, general and administrative expenses	¥ 11,549	¥ 11,215	\$ 94,663

2) Loss on impairment of fixed assets

The OKI Group recorded impairment losses of ¥612 million for the year ended March 31, 2021 of which ¥465 million were presented as impairment losses in the extraordinary loss category and ¥146 million were included in business structure improvement expenses in the same category.

Business	Purpose of use	Type of assets	Millions of yen
Components & Platforms Business Group (Automation Systems Business)	Business assets	Buildings and structures	¥ 265
		Machinery, equipment and vehicles	66
		Tools, furniture and fixtures	74
		Others	58

Regarding business assets, the Group basically sets up asset groups based on business segments. However, if certain business assets (e.g. assets to be disposed of) are considered to independently create cash flows, they are grouped by asset.

As the business assets of the Automation Systems Business have ceased to be likely to generate income originally expected, their book values have been reduced to the recoverable values. The recoverable values have been measured at net sales values based on real estate appraisal and others.

The Group posted impairment losses of ¥1,144 million (\$9,377 thousand) for the year ended March 31, 2022 and major impairment losses are described as follows:

Business	Purpose of use	Type of assets	Millions of yen	Thousands of U.S. Dollars
Components & Platforms business (Automation Systems Business)	Business assets	Buildings and structures	¥ 60	\$ 491
		Tools, furniture and fixtures	749	6,139
		Intangible assets	109	893
		Others	51	418

Regarding business assets, the Group basically sets up asset groups based on business segments. However, if certain business assets (e.g. assets to be disposed of) are considered to independently create cash flows, they are grouped by asset.

As the business assets of the Automation Systems Business have ceased to be likely to generate income originally expected, their book values have been reduced to the recoverable values. The recoverable values have been measured at net sales values based on real estate appraisal and others.

3) Business structure improvement expenses

For the years ended March 31, 2022 and 2021, the OKI Group recorded losses for restructuring related costs.

The nature of the losses were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Special retirement expenses	¥ 2,171	¥ 3,784	\$ 17,795
Loss on abandonment of inventories	334	236	2,737
Loss on sale of subsidiary	—	352	—
Other	291	192	2,385
Total	¥ 2,798	¥ 4,566	\$ 22,934

6. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts reclassified to profit (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Net unrealized holding gain (loss) on other securities:			
Amount arising during the year	¥ (3,321)	¥ 5,213	\$ (27,221)
Reclassification adjustments	(329)	(59)	(2,696)
Before tax effect	(3,650)	5,153	(29,918)
Tax effect	1,110	(1,364)	9,098
Net unrealized holding gain (loss) on other securities	(2,540)	3,788	(20,819)
Gain (loss) on deferred hedges:			
Amount arising during the year	(86)	(43)	(704)
Asset acquisition cost adjustments	—	—	—
Before tax effect	(86)	(43)	(704)
Tax effect	26	13	213
Gain (loss) on deferred hedges	(59)	(29)	(483)
Translation adjustments:			
Amount arising during the year	(293)	(157)	(2,401)
Reclassification adjustments	—	424	—
Translation adjustments	(293)	267	(2,401)
Retirement benefits liability adjustments:			
Amount arising during the year	(3,174)	7,734	(26,016)
Reclassification adjustments	(23)	1,326	(188)
Before tax effect	(3,197)	9,060	(26,204)
Tax effect	1,808	(1,876)	14,819
Retirement benefits liability adjustments	(1,388)	7,183	(11,377)
Share of other comprehensive income of entities accounted for using equity method:			
Amount arising during the year	—	0	—
Reclassification adjustments	—	—	—
Share of other comprehensive income of entities accounted for using equity method	—	0	—
Total other comprehensive income	¥ (4,282)	¥ 11,210	\$ (35,098)

Note: As described in "Changes in accounting policies," changes in accounting policies regarding configuration or customization costs in cloud computing contracts are applied retroactively, and for the previous consolidated fiscal year, the figures after retroactive application are stated.

7. SHAREHOLDERS' EQUITY

Matters concerning class and total number of shares outstanding during the years ended March 31, 2022 and 2021 were as follows:

	Thousands of shares			
	2022			
	March 31, 2021	Increase in the year	Decrease in the year	March 31, 2022
Shares outstanding:				
Common stock	87,217	—	—	87,217
Total	87,217	—	—	87,217
Treasury stock:				
Common stock	653	1	37	617
Total	653	1	37	617

*1 The increase of treasury stock was due to purchase of shares less than one trading unit.

*2 The decrease of treasury stock was due to the exercise of stock options.

	Thousands of shares			
	2021			
	March 31, 2020	Increase in the year	Decrease in the year	March 31, 2021
Shares outstanding:				
Common stock	87,217	—	—	87,217
Total	87,217	—	—	87,217
Treasury stock:				
Common stock	690	1	38	653
Total	690	1	38	653

*1 The increase of treasury stock was due to purchase of shares less than one trading unit.

*2 The decrease of treasury stock was due to the exercise of stock options.

8. CONSOLIDATED STATEMENTS OF CASH FLOWS

Reconciliations of cash and deposits in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Cash and deposits	¥ 36,691	¥ 44,845	\$ 300,745
Fixed deposit with a deposit period of more than 3 months	—	(30)	—
Deposits with restrictions on withdrawals	(3,312)	(2,985)	(27,147)
Cash and cash equivalents	¥ 33,379	¥ 41,830	\$ 273,598

9. LEASES

(Lessee)

Operating lease transactions

The minimum rental commitments under noncancellable operating leases at March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Due within one year	¥ 709	¥ 1,275	\$ 5,811
Due after one year	4,903	5,600	40,188
Total	¥ 5,612	¥ 6,875	\$ 46,000

* Lease transactions for which assets and liabilities were recorded on the consolidated balance sheet due to the application of IFRS 16 are not included.

10. FINANCIAL INSTRUMENTS

1) Matters concerning the status of financial instruments

(1) Policy on financial instruments

The OKI Group mainly uses short-term deposits and highly safe marketable securities for fund management. Also, it raises its funds primarily through borrowings from financial institutions and issuance of corporate bonds. The Group uses derivatives to hedge risk as described below, and does not engage in speculative transactions.

(2) Description of financial instruments, related risks, and risk management system

The Group strives to mitigate its customers' credit risks associated with notes and accounts receivable, which are operating receivables, by carrying out customer credit investigations in accordance with regulations for the management of accounts receivable of individual companies.

For borrowings, the Group raises short-term funds mainly for working capital and long-term funds for working capital and capital investment. For borrowings exposed to the interest rate risk, the Group applies derivative instruments (interest rate swap transactions) to hedge its risk.

Derivative transactions consist of forward foreign exchange contracts, which aim to hedge exchange rate fluctuation risks related to foreign currency-denominated receivables and payables, and interest rate swap transactions, which aim to hedge interest rate fluctuation risks related to the payment of borrowings. The assessment of hedge effectiveness for interest rate swap transactions that satisfy the requirements for special treatment is omitted.

The Group executes and manages derivative transactions in accordance with the OKI Group's policy.

(3) Supplemental explanation regarding the disclosure concerning fair value of financial instruments

The fair value of financial instruments is based on market prices, but if no market prices are available, their fair value reflects the value reasonably calculated. Because fluctuation factors are incorporated into the calculation of the said value, it may change if different prerequisites, etc. are used. Contract amounts, etc. related to derivative transactions described in "12. Derivatives" do not indicate market risks related to these transactions.

2) Disclosure concerning fair value of financial instruments

As of March 31, 2022 (consolidated balance sheet date), the amount recorded in the consolidated balance sheet, fair value, and the amount of differences are as shown in the table below.

	Millions of yen						Thousands of U.S. dollars		
	2022			2021			2022		
	Amount recorded in balance sheet	Fair value	Difference	Amount recorded in balance sheet	Fair value	Difference	Amount recorded in balance sheet	Fair value	Difference
(1) Investments in securities ^(1,2)	¥ 26,166	¥ 26,184	¥ 17	¥ 30,275	¥ 30,284	¥ 8	\$ 214,475	\$ 214,622	\$ 139
(2) Long-term trade receivables	25,047			22,245			205,303		
Allowance for doubtful receivables ⁽³⁾	(12,957)			(14,549)			(106,204)		
	12,089	12,089	—	7,696	7,696	—	99,090	99,090	—
Total assets	38,256	38,273	17	37,972	37,980	8	313,573	313,713	139
(1) Long-term borrowings ⁽⁴⁾	64,888	65,334	446	55,890	56,293	403	531,868	535,524	3,655
Total liabilities	64,888	65,334	446	55,890	56,293	403	531,868	535,524	3,655
Derivative transactions ⁽⁵⁾	¥ 98	¥ 98	¥ —	¥ (40)	¥ (40)	¥ —	\$ 803	\$ 803	\$ —

*1 Notes are omitted on cash and deposits; notes and accounts receivable, and contract assets; notes and accounts payable; short-term borrowings; and other accrued expenses, because they are settled within a short period and thus the fair values are close to the book values.

*2 Shares without market value (unlisted shares, amounts in the consolidated balance sheet is below) are not included in "(1) Investments in securities."

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
unlisted shares	¥ 8,328	¥ 8,356	\$ 68,262

*3 Allowance for doubtful receivables specifically provided for long-term trade receivables is deducted.

*4 As of March 31, 2022 and 2021, Long-term borrowing (¥21,050 million (\$172,540 thousand) and ¥16,042 million) that are due within one year are classified as "short-term" borrowings in the consolidated balance sheet.

*5 The amount of the receivables and payables derived from derivative transactions is presented on a net basis and the amounts in parentheses are liabilities as the result of netting.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS [UNAUDITED]

Notes:

1. Redemption schedule for monetary assets and securities with maturity dates as of March 31, 2022 and 2021:

Millions of yen				
2022				
Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years	
Cash and deposits	¥ 36,691	¥ —	¥ —	¥ —
Notes and accounts receivable	92,901	1,568	—	—
Total	¥ 129,592	¥ 1,568	¥ —	¥ —

Millions of yen				
2021				
Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years	
Cash and deposits	¥ 44,845	¥ —	¥ —	¥ —
Notes and accounts receivable	104,420	950	—	—
Total	¥ 149,266	¥ 950	¥ —	¥ —

Thousands of U.S. dollars				
2022				
Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years	
Cash and deposits	\$ 300,745	\$ —	\$ —	\$ —
Notes and accounts receivable	761,483	12,852	—	—
Total	\$ 1,062,229	\$ 12,852	\$ —	\$ —

2. Repayment schedule for long-term borrowings and other interest-bearing debt at of March 31, 2022 and 2021:

Millions of yen						
2022						
Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	
Short-term borrowings	¥ 22,287	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term borrowings	21,050	18,050	13,056	7,724	5,008	—
Total	¥ 43,337	¥ 18,050	¥ 13,056	¥ 7,724	¥ 5,008	¥ —

Millions of yen						
2021						
Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	
Short-term borrowings	¥ 22,081	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term borrowings	16,042	16,042	13,042	8,048	2,716	—
Total	¥ 38,123	¥ 16,042	¥ 13,042	¥ 8,048	¥ 2,716	¥ —

Thousands of U.S. dollars						
2022						
Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	
Short-term borrowings	\$ 182,680	\$ —	\$ —	\$ —	\$ —	\$ —
Long-term borrowings	172,540	147,950	107,016	63,311	41,049	—
Total	\$ 355,221	\$ 147,950	\$ 107,016	\$ 63,311	\$ 41,049	\$ —

3) Matters concerning components of fair value of financial instruments by appropriate category, etc.

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used to calculate the fair value.

Level 1: The fair value that is calculated from the market price associated with the asset or liability subject to the calculation of given fair value in the active market, among inputs used to calculate an observable fair value

Level 2: The fair value that is calculated using inputs other than the inputs applicable to Level 1, among inputs used to calculate an observable fair value

Level 3: The fair value that is calculated using inputs that are used for calculation of unobservable fair value

In the case where more than one input is used, among inputs that have a significant impact on the calculation of the fair value, the fair value is categorized into the level with the lowest priority for calculation of the fair value, among the levels to which those inputs belong.

(1) Financial instruments listed in the consolidated balance sheet with their fair value

Millions of yen				
2022				
Fair value				
Level 1	Level 2	Level 3	Total	
Investments in securities				
Other negotiable securities				
Equity Securities	¥ 26,156	¥ —	¥ —	¥ 26,156
Derivative transactions*	¥ —	¥ 98	¥ —	¥ 98

* Net claims receivable and payable incurred from derivative transactions are shown in net amount, and items whose totals are net liabilities are shown in brackets.

Thousands of U.S. dollars				
2022				
Fair value				
Level 1	Level 2	Level 3	Total	
Investments in securities				
Other negotiable securities				
Equity Securities	\$ 214,393	\$ —	\$ —	\$ 214,393
Derivative transactions*	\$ —	\$ 803	\$ —	\$ 803

(2) Financial instruments other than those listed in the consolidated balance sheet with their fair value

Millions of yen				
2022				
Fair value				
Level 1	Level 2	Level 3	Total	
Investments in securities				
Other negotiable securities				
Golf club memberships	¥ —	¥ 27	¥ —	¥ 27
Long-term trade receivables	—	—	12,089	12,089
Long-term debt	¥ —	¥ 65,334	¥ —	¥ 65,334

Thousands of U.S. dollars				
2022				
Fair value				
Level 1	Level 2	Level 3	Total	
Investments in securities				
Other negotiable securities				
Golf club memberships	\$ —	\$ 221	\$ —	\$ 221
Long-term trade receivables	—	—	99,090	99,090
Long-term debt	\$ —	\$ 535,524	\$ —	\$ 535,524

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS [UNAUDITED]

Note: Fair value evaluation technique and inputs for fair value calculation

Investments in securities

Listed shares and golf club memberships are evaluated using the market price. Since listed shares are traded in the active market, the fair value is categorized in Level 1. On the other hand, golf club memberships are traded in the inactive market at the market value of the same asset; therefore, the fair value is categorized in Level 2.

Long-term trade receivables

The fair value of the long-term trade receivables is the amount calculated by deducting the present estimated doubtful receivables from the book value. The estimated doubtful receivables are calculated based on the present value of loans/receivables by discounting estimated cash flows, which are considered recoverable when taking into account the probability related to lawsuits, for a period that is considered to be required for recovery. Based on this, the fair value is categorized in Level 3.

Long-term debt

The fair value of these items is based primarily on the method of calculation whereby the sum of principal and interest is discounted by an assumed interest rate on the assumption that the said sum is freshly borrowed in a similar manner. Some long-term debt with floating interest rates is prescribed to be subject to special accounting treatment applicable to interest rate swaps. Hence, the fair value of a long-term debt is based on the method of calculation whereby the sum of principal and interest, treated in combination with the said interest rate swap, is discounted by a reasonably estimable interest rate on the assumption that the said amount is freshly borrowed in a similar manner. The fair value of the long-term debt is categorized in Level 2.

Derivative transactions

The fair value is calculated based on the price presented by the partner financial institutions, and is categorized in Level 2. Derivative transactions subject to special accounting treatment applicable to interest rate swaps are treated in combination with long-term debt as hedged items. Hence, their fair value is included in that of long-term debt.

11. SECURITIES

1) Trading Securities

Not applicable

2) Bonds Held to Maturity

Not applicable

3) Other Securities

Securities at March 31, 2022 and 2021 were summarized as follows. Securities for which it is extremely difficult to reasonably measure its fair value are not included in the table below.

	Millions of yen						Thousands of U.S. dollars		
	2022			2021			2022		
	Amount recorded in balance sheet	Acquisition costs	Difference	Amount recorded in balance sheet	Acquisition costs	Difference	Amount recorded in balance sheet	Acquisition costs	Difference
Other securities whose fair value recorded in balance sheet exceeds their acquisition costs:									
Equity securities	¥ 4,916	¥ 2,768	¥ 2,147	¥ 28,306	¥ 22,726	¥ 5,580	\$ 40,295	\$ 22,688	\$ 17,598
Subtotal	4,916	2,768	2,147	28,306	22,726	5,580	40,295	22,688	17,598
Other securities whose fair value recorded in balance sheet does not exceed their acquisition costs:									
Equity securities	21,250	21,958	(707)	1,969	2,455	(485)	174,180	179,983	(5,795)
Subtotal	21,250	21,958	(707)	1,969	2,455	(485)	174,180	179,983	(5,795)
Total	¥ 26,166	¥ 24,727	¥ 1,439	¥ 30,275	¥ 25,181	¥ 5,094	\$ 214,475	\$ 202,680	\$ 11,795

4) Sales of other securities for the years ended March 31, 2022 and 2021 were as follows:

	Millions of yen						Thousands of U.S. dollars		
	2022			2021			2022		
	Proceeds from sales	Gain on sales	Loss on sales	Proceeds from sales	Gain on sales	Loss on sales	Proceeds from sales	Gain on sales	Loss on sales
Equity securities	¥ 791	¥ 340	¥ —	¥ 1,357	¥ 130	¥ (80)	\$ 6,483	\$ 2,786	\$ —
Total	¥ 791	¥ 340	¥ —	¥ 1,357	¥ 130	¥ (80)	\$ 6,483	\$ 2,786	\$ —

5) Impairment losses on securities

Year ended March 31, 2021

Not applicable

Year ended March 31, 2022

Not applicable

12. DERIVATIVES

Derivative transactions at March 31, 2022 and 2021 were as follows:

1) Derivative transactions which do not qualify for hedge accounting

(i) Currency related

	Millions of yen				Thousands of U.S. dollars			
	2022				2022			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain / loss	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain / loss
Forward foreign exchange contract:								
Sell:								
Euro	¥ 2,768	¥ —	¥ (131)	¥ (131)	\$ 22,688	\$ —	\$ (1,073)	\$ (1,073)
Buy:								
U.S. dollars	2,129	—	196	196	17,450	—	1,606	1,606
Total	¥ 4,897	¥ —	¥ 65	¥ 65	\$ 40,139	\$ —	\$ 532	\$ 532

	Millions of yen			
	2021			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain / loss
Forward foreign exchange contract:				
Sell:				
U.S. dollars	¥ 2,597	¥ —	¥ (37)	¥ (37)
Euro	¥ 3,461	—	¥ (171)	¥ (171)
Buy:				
U.S. dollars	1,258	—	70	70
Total	¥ 7,317	¥ —	¥ (138)	¥ (138)

Note: Fair value is based on the quotes presented by the financial institutions.

(ii) Interest rate related

Not applicable

2) Derivative transactions which qualify for hedge accounting

(i) Currency related

		Millions of yen			Thousands of U.S. dollars		
		2022			2022		
Hedged item		Contract amount	Contract amount over 1 year	Fair value	Contract amount	Contract amount over 1 year	Fair value
Forward foreign exchange contract (Principle-based accounting):							
Sell:							
Euro	Accounts receivable	¥ 3,886	¥ —	¥ (205)	\$ 31,852	\$ —	\$ (1,680)
Buy:							
U.S. dollars	Accounts payable	4,118	—	237	33,754	—	1,942
Total		¥ 8,005	¥ —	¥ 32	\$ 65,614	\$ —	\$ 262

		Millions of yen		
		2021		
Hedged item		Contract amount	Contract amount over 1 year	Fair value
Forward foreign exchange contract (Principle-based accounting):				
Sell:				
Euro	Accounts receivable	¥ 4,937	¥ —	¥ (133)
Buy:				
U.S. dollars	Accounts payable	4,080	—	231
Total		¥ 9,017	¥ —	¥ 98

Note: Fair value is based on the quotes presented by the financial institutions.

(ii) Interest rate related

		Millions of yen			Thousands of U.S. dollars		
		2022			2022		
Hedged item		Contract amount	Contract amount over 1 year	Fair value	Contract amount	Contract amount over 1 year	Fair value
Interest rate swaps (Special treatment):							
Pay fixed/receive floating	Long-term borrowings	¥ 57,546	¥ 38,978	*	\$ 471,688	\$ 319,491	*

		Millions of yen		
		2021		
Hedged item		Contract amount	Contract amount over 1 year	Fair value
Interest rate swaps (Special treatment):				
Pay fixed/receive floating	Long-term borrowings	¥ 49,462	¥ 35,336	*

* Derivative transactions subject to special treatment applied to interest rate swaps are treated in combination with long-term borrowings as hedged items. Hence, their fair value is included in that of long-term borrowings.

Note: Fair value is based on the quotes presented by the financial institutions.

13. RETIREMENT BENEFITS

1) Overview of the retirement benefit system adopted

The Company and domestic consolidated subsidiaries have funded and unfunded defined benefit plans and defined contribution plans.

The noncontributory defined benefit plan that is a funded plan adopts a cash balance plan. In this plan, amount of benefit in which the "Point" based on the pay level is multiplied by rate based on the Japanese Government Bonds is provided to employee as pension or lump-sum payment.

The lump-sum retirement benefit is provided employee in accordance with the "Point" based on the business results, and the length of service. The lump-sum retirement payment plans are unfunded plans excluding the Company and certain consolidated subsidiary. The Company's and certain consolidated subsidiary's plan are a funded plan due to contribution to the pension and retirement benefit trust.

Several overseas consolidated subsidiaries have defined benefit and defined contribution pension plans.

The Company and certain consolidated subsidiary set up the retirement benefit trust for defined benefit plans and lump-sum retirement payment plans.

Certain consolidated subsidiaries appraise projected benefit obligation and retirement benefit expenses of lump-sum retirement payment plans by the simplified method.

The Company's and certain consolidated subsidiaries are members of the OKI corporate pension fund that is a multiemployer pension plans. The following amounts include multiemployer pension plans.

2) Defined benefit plan

(1) The changes in the retirement benefit obligation during the years ended March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Retirement benefit obligation at April 1, 2021 and 2020	¥ 105,590	¥ 108,511	\$ 865,491
Service cost	3,164	3,089	25,934
Interest cost	1,167	1,165	9,565
Actuarial gain / loss	(237)	578	(1,942)
Retirement benefit paid	(8,023)	(7,397)	(65,762)
Other	(647)	(355)	(5,303)
Retirement benefit obligation at March 31, 2022 and 2021	¥ 101,013	¥ 105,590	\$ 827,975

(2) The changes in plan assets during the years ended March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Plan assets at April 1, 2021 and 2020	¥ 104,807	¥ 96,389	\$ 859,073
Expected return on plan assets	2,313	889	18,959
Actuarial gain / loss	(3,426)	8,319	(28,081)
Contributions by the Company and subsidiaries	1,395	4,061	11,434
Retirement benefits paid	(4,949)	(4,852)	(40,565)
Plan assets at March 31, 2022 and 2021	¥ 100,140	¥ 104,807	\$ 820,819

(3) The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2022 and 2021 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Funded retirement benefit obligation	¥ 85,482	¥ 87,635	\$ 700,672
Plan assets at fair value	(100,140)	(104,807)	(820,819)
	(14,657)	(17,171)	(120,139)
Unfunded retirement benefit obligation	15,531	17,955	127,303
Net liability for retirement benefits in the balance sheet	¥ 873	¥ 783	\$ 7,155
Liability for retirement benefits	31,320	31,419	256,721
Asset for retirement benefits	(30,447)	(30,635)	(249,565)
Net asset for retirement benefits in the balance sheet	¥ 873	¥ 783	\$ 7,155

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS [UNAUDITED]

(4) The components of retirement benefit expense for the years ended March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Service cost	¥ 3,164	¥ 3,089	\$ 25,934
Interest cost	1,167	1,165	9,565
Expected return on plan assets	(2,313)	(889)	(18,959)
Amortization of actuarial gain / loss	95	1,445	778
Amortization of prior service cost	(118)	(118)	(967)
Other	473	735	3,877
Retirement benefit expense	¥ 2,468	¥ 5,427	\$ 20,229

Note: In addition to the retirement benefit costs related to the above defined benefit plan, as a special retirement allowance, ¥32 million (\$262 thousand) was recorded as miscellaneous expenses for non-operating expenses, and ¥2,171 million (\$17,795 thousand) was recorded as an extraordinary loss in Business restructuring expenses for extraordinary for the year ended March 31, 2022. And, as a special retirement allowance, ¥281 million was recorded as miscellaneous expenses for non-operating expenses, and ¥3,784 million was recorded as an extraordinary loss in Business restructuring expenses for extraordinary for the year ended March 31, 2021.

(5) The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Prior service cost	¥ (118)	¥ (118)	\$ (967)
Actuarial gain / loss	(3,079)	9,179	(25,237)
Total	¥ (3,197)	¥ 9,060	\$ (26,204)

(6) The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Unrecognized prior service cost	¥ (102)	¥ (221)	\$ (836)
Unrecognized actuarial gain / loss	(605)	(3,684)	(4,959)
Total	¥ (707)	¥ (3,905)	\$ (5,795)

(7) Plan assets

(i) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2022 and 2021 were as follows:

	2022	2021
Bonds	37%	37%
Stocks	28	32
Alternative	17	17
Other	18	14
Total*	100%	100%

* The retirement benefit trust consists of 16% of the total plan assets for the year ended March 31, 2022 and 18% of the total plan assets for the year ended March 31, 2021, respectively.

(ii) The expected rate of return on plan assets has been estimated based on the average rate of return on plan assets of the latest 3 years.

(8) The assumptions used in accounting for the above plans were as follows:

	2022	2021
Discount rate	0.9%	0.9%
Expected rate of return on plan assets	2.26%	0.95%

3) Defined contribution plan

The Company and domestic consolidated subsidiaries made required contributions to the defined contribution plans of ¥2,178 million (\$17,852 thousand) and ¥2,247 million for the years ended March 31, 2022 and 2021, respectively.

14. STOCK OPTION PLAN

The stock options outstanding as of March 31, 2022 are as follows:

1) The amount in relation to the stock options.

Selling, general and administrative expenses for the years ended March 31, 2021 is ¥31 million.

* There were no stock options granted during the years ended March 31, 2022. Therefore, there are no Selling, general and administrative expenses for the years ended March 31, 2022.

2) The size of stock option and its circumstances.

Date of approval by shareholders	July 29, 2016	July 28, 2017	July 27, 2018
Grantees	4 directors and 13 executive officers	3 directors and 15 executive officers	2 directors and 16 executive officers
Type of shares for which new subscription rights offered (Note below)	55,700 shares of Common stock	61,700 shares of Common stock	60,400 shares of Common stock
After the resolution			
End of the preceding term	20,600 shares	31,500 shares	42,100 shares
Vested	—	—	—
Exercised	—	2,700 shares	9,600 shares
Cancelled	—	—	—
Outstanding	20,600 shares	28,800 shares	32,500 shares
Date of issuance	August 16, 2016	August 15, 2017	August 14, 2018
Condition of exercising	Grantees are eligible for a pro-rated portion of their grant if they leave the Company during the vesting period.	Grantees are eligible for a pro-rated portion of their grant if they leave the Company during the vesting period.	Grantees are eligible for a pro-rated portion of their grant if they leave the Company during the vesting period.
Vesting period	April 1, 2016—March 31, 2017	April 1, 2017—March 31, 2018	April 1, 2018—March 31, 2019
Exercise price	¥1 (\$0.00)	¥1 (\$0.00)	¥1 (\$0.00)
Exercisable period	August 17, 2016—August 16, 2041	August 16, 2017—August 15, 2042	August 15, 2018—August 14, 2043
Official price at the date of offered	¥860 (\$7.04)	¥1,000 (\$8.19)	¥878 (\$7.19)

Date of approval by shareholders	July 26, 2019	July 30, 2020
Grantees	4 directors and 14 executive officers	4 directors and 13 executive officers
Type of shares for which new subscription rights offered (Note below)	61,600 shares of Common stock	60,500 shares of Common stock
After the resolution		
End of the preceding term	52,100 shares	60,500 shares
Vested	—	—
Exercised	12,300 shares	13,000 shares
Cancelled	—	—
Outstanding	39,800 shares	47,500 shares
Date of issuance	August 14, 2019	August 18, 2020
Condition of exercising	Grantees are eligible for a pro-rated portion of their grant if they leave the Company during the vesting period.	Grantees are eligible for a pro-rated portion of their grant if they leave the Company during the vesting period.
Vesting period	April 1, 2019—March 31, 2020	April 1, 2020—March 31, 2021
Exercise price	¥1 (\$0.00)	¥1 (\$0.00)
Exercisable period	August 15, 2019—August 14, 2044	August 19, 2020—August 18, 2045
Official price at the date of offered	¥961 (\$7.87)	¥526 (\$4.31)

Note: The amount is converted into the number of shares.

3) The evaluation of fair value of stock option

There were no stock options granted during the years ended March 31, 2022.

4) The method of estimating the number of stock options vested

Fundamentally, only the actual number of cancelled stock options is shown as it is difficult to estimate the possible number of cancelled stock options.

15. INCOME TAXES

1) Deferred tax assets and liabilities at March 31, 2022 and 2021 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Deferred tax assets:			
Loss carryforwards (Note)	¥ 20,883	¥ 19,350	\$ 171,172
Liability for retirement benefits	12,463	13,051	102,155
Accrued bonuses	3,730	3,755	30,573
Excess of allowance for doubtful receivables and bad debts expenses	2,663	4,976	21,827
Write-downs of inventories	2,162	1,981	17,721
Write-downs of investments in securities	1,840	1,836	15,081
Investment balance of retirement benefit trust property	920	797	7,540
Excess depreciation	849	934	6,959
Asset retirement obligations	843	846	6,909
Other	4,821	4,217	39,516
Gross deferred tax assets	51,174	51,743	419,459
Valuation allowance for tax loss carryforwards (Note)	(20,705)	(19,079)	(169,713)
Valuation allowance for deductible temporary differences	(22,204)	(24,866)	(182,000)
Less: Valuation allowance	(42,909)	(43,946)	(351,713)
Total deferred tax assets	8,265	7,796	67,745
Deferred tax liabilities:			
Asset for retirement benefits	(9,290)	(9,873)	(76,147)
Write-ups of investments in securities	(5,723)	(5,723)	(46,909)
Taxable unrealized gain on contribution of securities to a pension trust	(1,944)	(1,957)	(15,934)
Fair-value accounting for associated with the acquisition of a subsidiary	(944)	(1,701)	(7,737)
Other	(1,431)	(2,583)	(11,729)
Total deferred tax liabilities	(19,332)	(21,837)	(158,459)
Net deferred tax liabilities	¥ (11,067)	¥ (14,040)	\$ (90,713)

Note: The amount by tax loss carryforward for tax and the deferred tax asset due date

	Millions of yen						
	2022						
	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Total
Loss carryforwards	¥ 87	¥ 312	¥ 224	¥ 865	¥ 2,851	¥ 16,542	¥ 20,883
Less: Valuation allowance	(78)	(310)	(224)	(865)	(2,713)	(16,513)	(20,705)
Deferred tax assets	¥ 9	¥ 2	¥ —	¥ —	¥ 137	¥ 28	¥ 178

	Millions of yen						
	2021						
	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Total
Loss carryforwards	¥ 166	¥ 88	¥ 318	¥ 224	¥ 492	¥ 18,060	¥ 19,350
Less: Valuation allowance	(166)	(78)	(315)	(224)	(491)	(17,804)	(19,079)
Deferred tax assets	¥ 0	¥ 9	¥ 3	¥ 0	¥ 1	¥ 255	¥ 270

	Thousands of U.S. dollars						
	2022						
	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Total
Loss carryforwards	\$ 713	\$ 2,557	\$ 1,836	\$ 7,090	\$ 23,368	\$ 135,590	\$ 171,172
Less: Valuation allowance	(639)	(2,540)	(1,836)	(7,090)	(22,237)	(135,352)	(169,713)
Deferred tax assets	\$ 74	\$ 17	\$ —	\$ —	\$ 1,131	\$ 238	\$ 1,459

2) Income taxes applicable to the Company and domestic consolidated subsidiaries comprised corporation tax, inhabitants' taxes and enterprise tax, which, in the aggregate, resulted in statutory tax rates of approximately 31% for the years ended March 31, 2022 and 2021, respectively. Income taxes of the overseas consolidated subsidiaries are based generally on the tax rates applicable in their respective countries of incorporation. A reconciliation between the statutory tax rates and the effective tax rates as a percentage of profit (loss) before income taxes for the years ended March 31, 2022 and 2021 are summarized as follows:

	2022	2021
Statutory tax rates	30.6%	30.6%
Additions to (deductions from) income taxes resulting from:		
Permanent differences not recognized for tax purposes such as dividends received	(3.2)	(7.1)
Permanent nondeductible differences such as entertainment expenses	54.6	11.4
Increase (decrease) in valuation allowance for deferred tax assets	(56.7)	60.4
Per capita portion of inhabitants' taxes	7.3	9.2
Extinction of loss carryforwards	35.4	17.9
Difference in applicable tax rates of overseas subsidiaries	(13.9)	3.4
Other, net	(3.8)	(2.0)
Effective tax rates	50.2%	123.7%

Note: As described in "Changes in accounting policies," changes in accounting policies regarding configuration or customization costs in cloud computing contracts are applied retroactively, and for the previous consolidated fiscal year, the figures after retroactive application are stated.

16. BUSINESS COMBINATION, ETC.

Transactions, etc. under Common Control

The Company resolved to absorb its wholly-owned specified subsidiary Oki Data Corporation (hereinafter "ODC") at the Board of Directors meeting held on October 29, 2020. The merger agreement was concluded on the same day, and the merger was completed on April 1, 2021.

1) Overview of business separation

(1) Name and content of business of the company involved in the merger

Name of the company	Oki Data Corporation
Content of business	Development, manufacture and sales of printer equipment and other related solutions

(2) Date of business combination

April 1, 2021

(3) Legal forms of business combination

A merger in which the Company is the surviving company and ODC is the dissolving company

(4) Name of the company after combination

Oki Electric Industry Co., Ltd.

(5) Other items regarding outline of transaction

The Group aims to resolve social issues through the key Japanese concepts of "Mono-zukuri" and "Koto-zukuri (creation of solutions and services)" over the medium to long term. The "Medium-Term Business Plan 2022" is positioned as building the foundations for growth, through which we plan to restructure the business portfolio and strengthen the foundation for "Mono-zukuri (manufacturing)." Meanwhile, the market for the Printers business operated by ODC has been on a shrinking trend with a shift to paperless operations and other developments, and the trend is accelerating due to the global spread of COVID-19.

The merger of ODC into the Company is meant to respond to changes in the market environment, as part of the measures under the Group's Medium-Term Business Plan. We aim to grow our Components & Platforms business by strengthening our product development capabilities through a shift in development resources of the Printers business and utilizing the global sales bases held by ODC, production bases and production control functions as the Group.

2) Outline of accounting procedures applied

The transaction was accounted for as transactions under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).

17. REVENUE RECOGNITION

1) Information on disaggregation of revenue from contracts with customers

	Millions of yen				
	2022				
	Reportable segment			Other*	Total
Solution Systems	Components & Platforms	Subtotal			
For the year ended March 31					
<Breakdown of net sales>					
Revenue from contracts with customers	¥ 162,624	¥ 186,041	¥ 348,666	¥ 423	¥ 349,090
Other revenue	20	2,954	2,974	—	2,974
Total net sales	162,645	188,995	351,641	423	352,064
<Geographical market>					
Revenue from contracts with customers					
Japan	162,610	131,175	293,785	423	294,209
North America	—	8,144	8,144	—	8,144
Central and South America	—	2,093	2,093	—	2,093
Europe	8	24,377	24,386	—	24,386
China	6	5,393	5,400	—	5,400
Others	—	14,855	14,855	—	14,855
Other revenue					
Japan	20	2,954	2,974	—	2,974
<Timing of revenue recognition>					
Revenue from contracts with customers					
Revenue recognized at one point	45,747	145,443	191,190	396	191,587
Revenue recognized over time	¥ 116,877	¥ 40,598	¥ 157,475	¥ 27	¥ 157,502

* "Other" includes businesses that are not under the reporting segment, such as service provision, manufacture and sales of other devices or products.

	Thousands of U.S. dollars				
	2022				
	Reportable segment			Other*	Total
Solution Systems	Components & Platforms	Subtotal			
For the year ended March 31					
<Breakdown of net sales>					
Revenue from contracts with customers	\$ 1,332,983	\$ 1,524,926	\$ 2,857,918	\$ 3,467	\$ 2,861,393
Other revenue	163	24,213	24,377	—	24,377
Total net sales	1,333,155	1,549,139	2,882,303	3,467	2,885,770
<Geographical market>					
Revenue from contracts with customers					
Japan	1,332,868	1,075,204	2,408,073	3,467	2,411,549
North America	—	66,754	66,754	—	66,754
Central and South America	—	17,155	17,155	—	17,155
Europe	65	199,811	199,885	—	199,885
China	49	44,204	44,262	—	44,262
Others	—	121,762	121,762	—	121,762
Other revenue					
Japan	163	24,213	24,377	—	24,377
<Timing of revenue recognition>					
Revenue from contracts with customers					
Revenue recognized at one point	374,975	1,192,155	1,567,131	3,245	1,570,385
Revenue recognized over time	\$ 958,008	\$ 332,770	\$ 1,290,778	\$ 221	\$ 1,291,000

* "Other" includes businesses that are not under the reporting segment, such as service provision, manufacture and sales of other devices or products.

	Millions of yen				
	2022				
	By business areas (Solution Systems)*				
	Public Solutions	Enterprise Solutions	DX Platform	Engineering work and maintenance services	Total
For the year ended March 31					
Revenue from contracts with customers	¥ 49,270	¥ 51,671	¥ 13,662	¥ 48,019	¥ 162,624
Other revenue	—	—	20	—	20
Total net sales	¥ 49,270	¥ 51,671	¥ 13,683	¥ 48,019	¥ 162,645

* The following describes the main products and services in each business area.

	Thousands of U.S. dollars				
	2022				
	By business areas (Solution Systems)*				
	Public Solutions	Enterprise Solutions	DX Platform	Engineering work and maintenance services	Total
For the year ended March 31					
Revenue from contracts with customers	\$ 403,852	\$ 423,532	\$ 111,983	\$ 393,598	\$ 1,332,983
Other revenue	—	—	163	—	163
Total net sales	\$ 403,852	\$ 423,532	\$ 112,155	\$ 393,598	\$ 1,333,155

* The following describes the main products and services in each business area.

Business area	Main products and services
Public Solutions	Road (ETC/VICS), aviation control, disaster preparedness, fire fighting, central government agencies systems, government statics systems, defense systems (underwater acoustics/information), infrastructure monitoring, etc.
Enterprise Solutions	Carrier network, video distribution, 5G and local 5G, financial store systems, concentrated operation systems, railway ticket systems, airport check-in systems, manufacturing systems (ERP/IoT), etc.
DX Platform	AI edge computers, sensors, IoT network, PBX, business phones, contact centers, cloud services, etc.
Engineering work and maintenance services	Engineering work, maintenance services, etc.

	Millions of yen		
	2022		
	By business areas (Components & Platforms)*		
	Components	Mono-zukuri Platform	Total
For the year ended March 31			
Revenue from contracts with customers	¥ 119,579	¥ 66,462	¥ 186,041
Other revenue	2,954	—	2,954
Total net sales	¥ 122,533	¥ 66,462	¥ 188,995

* The following describes the main products and services in each business area.

	Thousands of U.S. dollars		
	2022		
	By business areas (Components & Platforms)*		
	Components	Mono-zukuri Platform	Total
For the year ended March 31			
Revenue from contracts with customers	\$ 980,155	\$ 544,770	\$ 1,524,926
Other revenue	24,213	—	24,213
Total net sales	\$ 1,004,368	\$ 544,770	\$ 1,549,139

* The following describes the main products and services in each business area.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS [UNAUDITED]

Business area	Main products and services
Components	ATM, cash processors, store terminals, reservation ticket terminals, check-in terminals, currency exchange machines, ATM monitoring and operation services, color and monochrome LED printers, color and monochrome LED multifunction machines, large format inkjet printers, dot impact printers, etc.
Mono-zukuri Platform	Contract design and production services, printed circuit boards, etc.

2) Information to understand the revenue in this fiscal year and onwards

(1) Balances of receivables from contracts with customers, contract assets and contract liabilities

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2022	As of April 1, 2021	As of March 31, 2022
Receivables from contracts with customers	¥ 77,693	¥ 95,796	\$ 636,827
Of which, notes receivable	8,400	7,144	68,852
Of which, accounts receivable	69,293	88,651	567,975
Contract assets	16,298	10,392	133,590
Contract liabilities	¥ 8,548	¥ 5,857	\$ 70,065

- Notes: 1. Contract assets are recognized as right to consideration recorded by recognition of revenue in accordance with the degree of progress mainly on contracted manufacturing and various types of construction work. When the right to consideration becomes unconditional, they are transferred into receivables. Contract liabilities are related mainly to deposits received from customers based on service provision contracts that recognize revenue over a certain period, and are revised upon recognition of revenue.
2. Among the revenue recognized in this fiscal year, the amount included in the contract liabilities at the beginning of the year was ¥3,222 million. The amount of revenue recognized from the performance obligation that was satisfied (or partly satisfied) in the past period has no significance.
3. The increase in contract assets is mainly due to progress on contracted manufacturing and various types of construction work. The increase in contract liabilities is mainly due to receipt of deposits.
4. Contract liabilities are included in "Others" under the current liabilities in the consolidated financial statements.

(2) Trading amount of unsatisfied performance obligation

The Group applies practical expedient to the notes on the trading amount allocated to the unsatisfied performance obligation. Notes are omitted for unsatisfied performance obligation based on the agreements initially expected to last for a year or shorter.

The total trading amount allocated to the unsatisfied performance obligation at the end of this fiscal year and the duration within which the revenue may be recognized are as follows.

	Millions of yen	Thousands of U.S. dollars
	2022	2022
Within one year	¥ 19,153	\$ 156,991
One year to three years	8,704	71,344
Over three years	434	3,557
Unsatisfied performance obligation total	¥ 28,292	\$ 231,901

18. SEGMENT INFORMATION

1) Segment Information

(1) Overview of reporting 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 has two reportable segments, "Solution Systems business" and "Components & Platforms business." Each of them plans comprehensive strategies about their main product lines in domestic and overseas markets and deploys business activities.

Solution Systems business provides solutions that leverage IoT and solutions that enable business processes to be optimized and streamlined.

Components & Platforms business provides products and services such as automation equipment and peripheral products utilizing core technologies including mechatronics and electronics, and also provides manufacturing service as a platform.

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

Reporting segments	Major products and services
Solution Systems	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.
Components & Platforms	ATMs, cash handling equipment, bank branch terminals, ticket reservations and issuing terminals, check-in terminals, currency exchange machines, and ATM monitoring and operations services, color and monochrome LED printers, color and monochrome LED multifunction printers, wide format ink jet printers, dot-impact printers, consigned designing and manufacturing services, printed circuit boards, etc.

(2) Change in reportable segment classification

From the fiscal year ended 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.

In addition, from the fiscal year ended March 31, 2022, BANKING CHANNEL SOLUTIONS LIMITED, an equity-method affiliate that was previously included in the "Solution System Business," has been changed to the "Component & Platform Business" by reviewing its internal management system.

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

(3) Change in the measurement method

From the fiscal year ended 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 previous fiscal year has been prepared based on the changed measurement method.

(4) Implementation costs associated with cloud computing agreements

As is indicated in the section entitled "Changes in Accounting Policies," from the fiscal year ended March 31, 2022 the Company has changed its accounting policy on the costs of configuration and customization associated with cloud computing agreements services, to recognize the costs of configuration and customization services as expenses when received. Segment information for the fiscal year ended March 31, 2021 has been retroactively adjusted to reflect this change in accounting policy.

As a result, for the fiscal year ended March 31, 2021, the segment loss in the Components & Platforms business worsened by ¥614 million (\$5,032 thousand). In addition, segment assets decreased by ¥1,667 million (\$13,663 thousand), depreciation and amortization decreased by ¥60 million (\$491 thousand), and Increase in property, plant, equipment and intangible assets decreased by ¥675 million (\$5,532 thousand).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS [UNAUDITED]

(5) Information on net sales, profit or loss, assets, liabilities and other items by each reporting segment
Reporting segment information as of March 31, 2022 and 2021 and for the years then ended were as follows

	Millions of yen						
	2022						
	Segments			Other	Total	Adjustments	Consolidated
Solution Systems	Components & Platforms	Subtotal					
For the year ended March 31							
Sales to third parties	¥ 162,645	¥ 188,995	¥ 351,641	¥ 423	¥ 352,064	—	¥ 352,064
Inter-segment sales and transfers	1,538	3,732	5,270	11,678	16,949	(16,949)	—
Net sales	164,183	192,728	356,911	12,102	369,014	(16,949)	352,064
Operating income (loss)	9,532	3,497	13,030	345	13,375	(7,511)	5,864
Total assets	116,407	182,031	298,439	9,075	307,515	61,655	369,170
Depreciation and amortization	2,794	7,117	9,912	313	10,225	1,278	11,503
Investments in equity-method affiliates	955	816	1,772	—	1,772	—	1,772
Increase in property, plant, equipment and intangible assets	¥ 7,124	¥ 8,184	¥ 15,308	¥ 109	¥ 15,418	¥ 7,274	¥ 22,692

	Millions of yen						
	2021						
	Segments			Other	Total	Adjustments	Consolidated
Solution Systems	Components & Platforms	Subtotal					
For the year ended March 31							
Sales to third parties	¥ 190,763	¥ 201,468	¥ 392,231	¥ 636	¥ 392,868	—	¥ 392,868
Inter-segment sales and transfers	3,382	6,471	9,853	11,786	21,640	(21,640)	—
Net sales	194,146	207,939	402,085	12,423	414,508	(21,640)	392,868
Operating income (loss)	16,329	(996)	15,333	(60)	15,273	(6,377)	8,895
Total assets	125,388	179,100	304,488	8,187	312,676	58,870	371,546
Depreciation and amortization	2,828	7,575	10,403	344	10,747	1,039	11,787
Investments in equity-method affiliates	984	768	1,753	—	1,753	—	1,753
Increase in property, plant, equipment and intangible assets	¥ 3,107	¥ 7,114	¥ 10,221	¥ 187	¥ 10,409	¥ 17,183	¥ 27,592

	Thousands of U.S. dollars						
	2022						
	Segments			Other	Total	Adjustments	Consolidated
Solution Systems	Components & Platforms	Subtotal					
For the year ended March 31							
Sales to third parties	\$ 1,333,155	\$ 1,549,139	\$ 2,882,303	\$ 3,467	\$ 2,885,770	—	\$ 2,885,770
Inter-segment sales and transfers	12,606	30,590	43,196	95,721	138,926	(138,926)	—
Net sales	1,345,762	1,579,737	2,925,500	99,196	3,024,704	(138,926)	2,885,770
Operating income (loss)	78,131	28,663	106,803	2,827	109,631	(61,565)	48,065
Total assets	954,155	1,492,057	2,446,221	74,385	2,520,614	505,368	3,025,983
Depreciation and amortization	22,901	58,336	81,245	2,565	83,811	10,475	94,286
Investments in equity-method affiliates	7,827	—	14,524	—	14,524	—	14,524
Increase in property, plant, equipment and intangible assets	\$ 58,393	\$ 67,081	\$ 125,475	\$ 893	\$ 126,377	\$ 59,622	\$ 186,000

Notes: 1. The category "Others" is a business that is not included in the reporting segments, and is engaged in the provision of utilities and manufacturing and selling other equipment products.

2. The adjustments for segment information above were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Operating income (loss)			
Elimination of intersegment transactions	¥ 145	¥ 127	\$ 1,188
Corporate expense*	(7,460)	(6,333)	(61,147)
Fixed asset adjustment	(195)	(171)	(1,598)
Total	¥ (7,511)	¥ (6,377)	\$ (61,565)

* Corporate expenses consist principally of expenses in the Company's General and Administrative Department and research and development expenses that are not attributable to the reportable segments.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Total assets			
Elimination of intersegment transactions	¥ (84,926)	¥ (134,173)	\$ (696,114)
Corporate assets*	148,073	194,458	1,213,713
Fixed asset adjustment	(1,491)	(1,414)	(12,221)
Total	¥ 61,655	¥ 58,870	\$ 505,368

* Corporate assets consist principally of the Company's surplus funds, funds for long-term investments and assets belonging to the General and Administrative Department.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Depreciation and amortization			
Depreciation expense for corporate assets	¥ 1,516	¥ 1,277	\$ 12,426
Fixed asset adjustment	(237)	(237)	(1,942)
Total	¥ 1,278	¥ 1,039	\$ 10,475

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Increase in property, plant, equipment and intangible assets			
Corporate assets	¥ 7,741	¥ 17,595	\$ 63,450
Fixed asset adjustment	(467)	(412)	(3,827)
Total	¥ 7,274	¥ 17,183	\$ 59,622

3. Segment profits (losses) were reconciled to operating income (loss) in the consolidated statements of income.

2) Related information

Related information as of March 31, 2022 and 2021 and for the years then ended were as follows:

(1) Products and service information

Since the same information is disclosed in the segment information, the description is omitted.

(2) Geographic information

(i) Sales

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Japan	¥ 297,184	¥ 333,083	\$ 2,435,934
North America	8,144	8,579	66,754
Latin America	2,093	2,771	17,155
Europe	24,386	26,691	199,885
China	5,400	6,815	44,262
Other	14,855	14,928	121,762
Total	¥ 352,064	¥ 392,868	\$ 2,885,770

Note: Sales are classified as country or region based on the customer's location.

(ii) Tangible fixed assets

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Japan	* ¥ —	¥ 45,691	\$ —
Asia	—	4,584	—
Other	—	1,038	—
Total	¥ —	¥ 51,314	\$ —

* Since the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the consolidated balance sheet, the disclosure is omitted.

3) Information on impairment loss by each reporting segment

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Solution Systems	¥ —	¥ —	\$ —
Components & Platforms	971	* 612	7,959
Company-wide	173	—	1,418
Total	¥1,144	¥ 612	\$ 9,377

* Impairment loss includes impairment loss shown as business structure improvement expenses.

4) Information on amortization of goodwill and unamortized balance by each reporting segment

Year ended March 31, 2021

The disclosure is omitted due to immateriality.

Year ended March 31, 2022

The disclosure is omitted due to immateriality.

5) Information on gain on negative goodwill by each reporting segment

Year ended March 31, 2021

Not applicable

Year ended March 31, 2022

Not applicable

19. AMOUNTS PER SHARE

	Yen		U.S. dollars
	2022	2021	2022
Net assets per share	¥ 1,240.62	¥ 1,286.41	\$ 10.16
Basic earnings (losses) per share	¥ 23.85	¥ (9.47)	\$ 0.19
Diluted earnings per share	¥ 23.81	¥ —	\$ 0.19

*1 The residual securities exist, but Diluted earnings per share is not described because of Basic losses per share.

*2 The accounting policies have been updated for configuration and customization costs in cloud computing agreements in the years ended March 31, 2022; therefore, the associated values the years ended March 31, 2021 have retrospectively been applied corrections.

As a result, compared to before the retroactive application, the Net assets per share in the years ended March 31, 2021 decreased by ¥19.26, and the Basic losses per share worsened by ¥7.09.

*3 Basic and diluted earnings per share were calculated on the basis of the following data.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Basic earnings (losses) per share			
Profit (loss) attributable to owners of parent	¥ 2,065	¥ (819)	\$ 16,926
Amounts not attributable to common stock	—	—	—
Profit (loss) attributable to owners of parent related to common stock	¥ 2,065	¥ (819)	\$ 16,926
Weighted-average number of shares of common stock during the period (thousand shares)	86,600	86,564	
Diluted earnings per share			
Profit attributable adjustment to owners of parent	—	—	—
Increase in number of common stocks (thousand shares)	169	—	
Outline of the residual securities excluded from the calculation of the fully diluted net income per share because they have no dilutive effects	—	—	

*4 Net assets per share were calculated on the basis of the following data.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Total net assets	¥ 107,635	¥ 111,598	\$ 882,254
Amounts deducted from total net assets	¥ 198	¥ 242	\$ 1,622
(Subscription rights to shares)	¥ (138)	¥ (168)	\$ (1,131)
(Non-controlling interests)	¥ (60)	¥ (74)	\$ (491)
Net assets at the year end to common stock	¥ 107,437	¥ 11,356	\$ 880,631
Common stock at the year end used to calculated of the net assets per share (thousand shares)	86,599	86,563	

20. CONSOLIDATED SUPPLEMENTARY SCHEDULES

1) Schedule of company bonds

Not applicable

2) Schedule of borrowings, etc

	Millions of yen				Thousands of U.S. dollars	
	2022		Average interest rate	Term of payment	2022	
	Balance at March 31, 2021	Balance at March 31, 2022			Balance at March 31, 2021	Balance at March 31, 2022
Short-term borrowings	¥ 22,081	¥ 22,287	2.1%	—	\$ 180,991	\$ 182,680
Long-term borrowings (Within 1 year)	16,042	21,050	1.2	—	131,491	172,540
Lease obligations (Within 1 year)	4,202	3,912	—	—	34,442	32,065
Long-term borrowings (Over 1 year)	39,848	43,838	1.2	2023~2027	326,622	359,327
Lease obligations (Over 1 year)	12,670	9,740	—	2023~2031	103,852	79,836
Total	¥ 94,843	¥ 100,827	—	—	\$ 777,401	\$ 826,450

Notes: 1. For the "average interest rate", the weighted average interest rate on the balance at the end of the fiscal year such as borrowings is stated. Since we adopt a method that does not recognize interest equivalent amount for part of lease obligations, the description of average interest rate is omitted.

2. The planned amount of repayment within five years after the consolidated closing date of "Long-term borrowings and Lease obligations (over 1 year)" is as follows:

	Millions of yen				Thousands of U.S. dollars			
	2022				2022			
	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years
Long-term borrowings	¥ 18,050	¥ 13,056	¥ 7,724	¥ 5,008	\$ 147,950	\$ 107,016	\$ 63,311	\$ 41,049
Lease obligations	3,581	2,865	1,918	892	29,352	23,483	15,721	7,311

3) Schedule of Asset Retirement Obligations

The amount of asset retirement obligations at the beginning of this consolidated fiscal year and at the end of the consolidated fiscal year ended March 31,

Since it is less than 1 / 100th of the total amount of liabilities and net assets at the end of the fiscal year, note is omitted.