

ESG DATA

Environment

|  | FY2020    | FY2021    | FY2022    |
|--|-----------|-----------|-----------|
| Greenhouse gas (GHG) emissions*1   |           |           |           |
| SCOPE1 (t-CO <sub>2</sub> )  | 9,880     | 9,930     | 8,510     |
| SCOPE2 (t-CO <sub>2</sub> )  | 68,600    | 65,900    | 62,300    |
| SCOPE1+2 (t-CO <sub>2</sub> )  | 78,500    | 75,800    | 70,800    |
| Greenhouse gas emission basic unit (SCOPE1+2) (t-CO <sub>2</sub> /million yen) | 0.200     | 0.215     | 0.192     |
| SCOPE3 (t-CO <sub>2</sub> )  | 1,180,000 | 1,140,000 | 1,130,000 |
| Energy consumption   |           |           |           |
| Total (MWh)  | 436,000   | 431,800   | 406,000   |
| Amount of introduced renewable energy (MWh)*2                                  | 65        | 86        | 6,650     |
| Waste  |           |           |           |
| Total amount of waste*3 (t)  | 12,800    | 16,400    | 13,700    |
| Recycling rate*4 (%)   | 81.3      | 85.9      | 85.1      |
| Water used   |           |           |           |
| Total amount used (m <sup>3</sup> )  | 1,729,000 | 1,724,000 | 1,692,000 |
| Total amount of wastewater (m <sup>3</sup> )                                   | 1,353,000 | 1,328,000 | 1,300,000 |
| Amount of chemical substances used*5   |           |           |           |
| Amount used (t)  | 552       | 517       | 477       |
| Quantity of emissions (atmosphere/water system) (t)                            | 9         | 9         | 6         |
| Amount transferred (waste/product/sewage) (t)                                  | 42        | 46        | 36        |

\*1 Calculated according to the Greenhouse Gas Protocol Initiative classifications.  
 \*2 The total amount of electricity generated by equipment of OKI facilities plus the total amount of renewable energy certificates purchased, such as Non-Fossil Certificates and J-Credits.  
 \*3 Only routine waste from sites included; excludes waste resulting from large-scale construction, relocation, etc.  
 \*4 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.)  
 \*5 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/sustainability/eco/data/index.html>

Social

|  | FY2020        | FY2021        | FY2022        |
|--|---------------|---------------|---------------|
| Number of employees (numbers in parentheses are for OKI alone)                       | 15,639(4,395) | 14,850(4,760) | 14,452(4,740) |
| Male   | 12,054(3,819) | 11,400(4,117) | 11,123(4,077) |
| Female   | 3,585(576)    | 3,450(643)    | 3,329(663)    |
| Number of temporary workers (numbers in parentheses are for OKI alone)               | 2,444(461)    | 2,598(416)    | 2,740(563)    |
| Male   | 1,456(284)    | 1,604(289)    | 1,711(411)    |
| Female   | 988(177)      | 994(127)      | 1,029(152)    |
| Number of employees by region  | 15,639        | 14,850        | 14,452        |
| Japan  | 12,271        | 11,992        | 12,086        |
| Asia and others  | 2,926         | 2,600         | 2,150         |
| Americas   | 120           | 46            | 176           |
| Europe   | 322           | 212           | 40            |
| Management gender ratio (numbers in parentheses are for OKI alone)                   |               |               |               |
| Male (%)   | 94.7(96.7)    | 94.9(96.4)    | 94.3(96.1)    |
| Female (%)   | 5.3(3.3)      | 5.1(3.6)      | 5.7(3.9)      |
| Average length of service (years)*1  | 19.5          | 19.9          | 19.9          |
| Male   | 19.9          | 20.6          | 20.7          |
| Female   | 16.2          | 15.4          | 15.1          |
| Average monthly hours of overtime (hours/month)*1                                    | 24.93         | 27.40         | 26.15         |
| Paid leave usage rate (%)*1  | 54.1          | 59.8          | 62.2          |
| Percentage of workers taking child care leave*1, *4                                  | 56.7          | 63.8          | 82.9          |
| Male (%)   | 50.6          | 52.9          | 81.7          |
| Female (%)   | 100.0         | 116.7         | 87.5          |
| Employment rates of challenged people (%)*2  | 2.45          | 2.44          | 2.60          |
| Number of hires (new graduates)*3  | 266           | 259           | 240           |
| Male   | 206           | 196           | 175           |
| Female   | 60            | 63            | 65            |
| Number of hires (mid-career)*3   | 36            | 46            | 66            |
| Male   | 29            | 41            | 50            |
| Female   | 7             | 5             | 16            |
| Rate of employee turnover (%)*3 (numbers in parentheses are for OKI alone)           | 1.4(1.3)      | 1.8(1.6)      | 2.4(2.3)      |
| Rate of voluntary employee turnover (%)*3 (numbers in parentheses are for OKI alone) | 1.2(1.1)      | 1.6(1.5)      | 2.2(2.2)      |
| Average annual hours of education and training per employee (hours)*1                | 15.6          | 17.0          | 22.9          |
| Average annual education and training expenses per employee (yen)*1                  | 64,314        | 60,644        | 68,551        |
| Incidence rates of occupational accidents*1  | 0.00          | 0.09          | 0.00          |
| 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  
 \*4 Percentage of workers taking child care leave is calculated in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children

Governance

|   | June 2021 | June 2022 | June 2023 |
|---|-----------|-----------|-----------|
| Number of Directors, Audit & Supervisory Board Members          |           |           |           |
| Number of directors   | 9         | 9         | 8         |
| 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                     | 5         | 5         | 5         |
| Number of outside Audit & Supervisory Board members             | 3         | 3         | 3         |
| Number of female Audit & Supervisory Board members              | 0         | 0         | 0         |

|  | FY2020 | FY2021 | FY2022 |
|--|--------|--------|--------|
| Board of Directors Attendance Rate                           |        |        |        |
| Overall attendance rate by directors                         | 100    | 100    | 98.2   |
| Overall attendance rate by Audit & Supervisory Board members | 97.5   | 100    | 100    |

|   | FY2020<br>(no. of applicable executives) | FY2021<br>(no. of applicable executives) | FY2022<br>(no. of applicable executives) |
|---|--|--|--|
| Total Compensation, etc. of Directors and Audit & Supervisory Board Members                             |  |  |  |
| Directors excluding outside directors (millions of yen)   | 265(5)                                   | 234(6)                                   | 238(6)                                   |
| Audit & Supervisory Board members excluding outside Audit & Supervisory Board members (millions of yen) | 46(2)                                    | 46(3)                                    | 46(2)                                    |
| Outside directors (millions of yen)   | 46(4)                                    | 53(4)                                    | 55(4)                                    |
| Outside Audit & Supervisory Board members (millions of yen)   | 17(4)                                    | 24(3)                                    | 27(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.


|   | FY2020 | FY2021 | FY2022 |
|---|--------|--------|--------|
| Cross Shareholdings                                     |        |        |        |
| Number of stock brands                                  | 84     | 78     | 74     |
| Total value recorded on balance sheet (billions of yen) | 35.5   | 31.5   | 31.2   |

|  | FY2020 | FY2021 | FY2022 |
|--|--------|--------|--------|
| Compliance, Fair Corporate Activities                              |        |        |        |
| Number of bribery and corruption issues                            | 0      | 0      | 0      |
| Number of cases consulted to consultation and reporting contacts*1 | 41     | 23     | 42     |
| Participation rate of compliance manager training (%)*2            | 100    | 100    | 100    |
| Participation rate of workplace compliance training (%)*3          | 100    | 99.9   | 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**



FTSE Blossom Japan Index




FTSE Blossom Japan Sector Relative Index




S&P/JPX Carbon Efficient Index

**Morningstar Japan ex-REIT Gender Diversity Tilt Index**


**Evaluations by External Organizations**




CDP Climate Change A- (OKI)




Eruboshi Certification (OKI)




Sports Yell Company (OKI)



Health & Productivity Management Outstanding Organization (OKI)



Platinum Kurumin Certification (OKI, OKI Circuit Technology)



Resilience Certification for contribution to national resilience (OKI)

\*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.lseg.com/en/ftse-russell/indices/blossom-japan>

## CONSOLIDATED BALANCE SHEETS [UNAUDITED]

Oki Electric Industry Co., Ltd. and consolidated subsidiaries  
As of March 31, 2023

| ASSETS  | Millions of yen  |                  | Thousands of U.S.<br>dollars |
|---|------------------|------------------|------------------------------|
|   | 2023             | 2022             | 2023                         |
| <b>Current assets:</b>                                      |                  |                  |                              |
| Cash and deposits   | ¥ 37,746         | ¥ 36,691         | \$ 283,804                   |
| Notes and accounts receivable, and contract assets (Note 5) | 94,598           | 94,469           | 711,263                      |
| Lease receivables and investments in leases                 | 7,619            | 10,355           | 57,285                       |
| Finished goods  | 20,224           | 17,425           | 152,060                      |
| Work in process   | 21,135           | 14,713           | 158,909                      |
| Raw materials and supplies                                  | 35,076           | 26,023           | 263,729                      |
| Other current assets  | 13,847           | 12,216           | 104,112                      |
| Allowance for doubtful receivables                          | (57)             | (57)             | (428)                        |
| <b>Total current assets</b>                                 | <b>230,191</b>   | <b>211,837</b>   | <b>1,730,759</b>             |
| <b>Non-current assets:</b>                                  |                  |                  |                              |
| <b>Property, plant and equipment:</b>                       |                  |                  |                              |
| Buildings and structures                                    | 25,179           | 19,793           | 189,315                      |
| Machinery, equipment and vehicles                           | 8,546            | 8,801            | 64,255                       |
| Tools, furniture and fixtures                               | 7,099            | 6,914            | 53,375                       |
| Land  | 15,929           | 15,996           | 119,766                      |
| Construction in progress                                    | 4,204            | 6,147            | 31,609                       |
| <b>Total property, plant and equipment (Note 5)</b>         | <b>60,959</b>    | <b>57,653</b>    | <b>458,338</b>               |
| Intangible assets   | 16,349           | 14,027           | 122,924                      |
| <b>Investments and other assets:</b>                        |                  |                  |                              |
| Investments in securities (Note 5)                          | 34,115           | 34,495           | 256,503                      |
| Asset for retirement benefits                               | 27,192           | 30,447           | 204,451                      |
| Long-term trade receivables                                 | 24,941           | 25,047           | 187,526                      |
| Other investments and other assets                          | 14,453           | 13,909           | 108,669                      |
| Allowance for doubtful receivables                          | (17,777)         | (18,246)         | (133,661)                    |
| <b>Total investments and other assets</b>                   | <b>82,925</b>    | <b>85,652</b>    | <b>623,496</b>               |
| <b>Total non-current assets</b>                             | <b>160,234</b>   | <b>157,333</b>   | <b>1,204,766</b>             |
| <b>Total assets</b>   | <b>¥ 390,425</b> | <b>¥ 369,170</b> | <b>\$ 2,935,526</b>          |

| LIABILITIES  | Millions of yen  |                  | Thousands of U.S.<br>dollars |
|--|------------------|------------------|------------------------------|
|  | 2023             | 2022             | 2023                         |
| <b>Current liabilities:</b>                            |                  |                  |                              |
| Notes and accounts payable                             | ¥ 60,653         | ¥ 56,691         | \$ 456,037                   |
| Short-term borrowings (Note 5)                         | 86,714           | 43,337           | 651,984                      |
| Other current liabilities (Note 5)                     | 57,883           | 57,929           | 435,210                      |
| <b>Total current liabilities</b>                       | <b>205,252</b>   | <b>157,958</b>   | <b>1,543,248</b>             |
| <b>Long-term liabilities:</b>                          |                  |                  |                              |
| Long-term borrowings                                   | 31,268           | 43,838           | 235,097                      |
| Lease obligations                                      | 6,905            | 9,740            | 51,917                       |
| Deferred tax liabilities                               | 11,111           | 12,961           | 83,541                       |
| Provision for directors' retirement benefits           | 121              | 195              | 909                          |
| Liability for retirement benefits                      | 30,906           | 31,320           | 232,375                      |
| Other long-term liabilities                            | 5,582            | 5,520            | 41,969                       |
| <b>Total long-term liabilities</b>                     | <b>85,894</b>    | <b>103,576</b>   | <b>645,819</b>               |
| <b>Total liabilities</b>                               | <b>291,146</b>   | <b>261,535</b>   | <b>2,189,067</b>             |
| <b>NET ASSETS</b>                                      |                  |                  |                              |
| <b>Shareholders' equity:</b>                           |                  |                  |                              |
| Capital stock  | 44,000           | 44,000           | 330,827                      |
| Additional paid-in capital                             | 18,994           | 19,006           | 142,812                      |
| Retained earnings                                      | 49,705           | 55,103           | 373,721                      |
| Treasury stock, at cost                                | (841)            | (869)            | (6,323)                      |
| <b>Total shareholders' equity</b>                      | <b>111,858</b>   | <b>117,241</b>   | <b>841,037</b>               |
| <b>Accumulated other comprehensive income:</b>         |                  |                  |                              |
| Net unrealized holding gain (loss) on other securities | 1,077            | 1,030            | 8,097                        |
| Gain (loss) on deferred hedges                         | (32)             | 22               | (240)                        |
| Translation adjustments                                | (8,341)          | (9,069)          | (62,714)                     |
| Retirement benefits liability adjustments              | (5,473)          | (1,788)          | (41,150)                     |
| <b>Total accumulated other comprehensive income</b>    | <b>(12,770)</b>  | <b>(9,804)</b>   | <b>(96,015)</b>              |
| <b>Subscription rights to shares</b>                   | <b>121</b>       | <b>138</b>       | <b>909</b>                   |
| <b>Non-controlling interests</b>                       | <b>69</b>        | <b>60</b>        | <b>518</b>                   |
| <b>Total net assets</b>                                | <b>99,279</b>    | <b>107,635</b>   | <b>746,458</b>               |
| <b>Total liabilities and net assets</b>                | <b>¥ 390,425</b> | <b>¥ 369,170</b> | <b>\$ 2,935,526</b>          |

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, 2023

|   | Millions of yen  |           | Thousands of U.S.<br>dollars |
|---|------------------|-----------|------------------------------|
|   | 2023             | 2022      | 2023                         |
| Net sales   | ¥ 369,096        | ¥ 352,064 | \$ 2,775,157                 |
| Cost of sales   | 282,903          | 261,948   | 2,127,090                    |
| <b>Gross profit</b>                                   | <b>86,192</b>    | 90,116    | <b>648,060</b>               |
| Selling, general and administrative expenses (Note 6) | 83,789           | 84,252    | 629,992                      |
| <b>Operating income</b>                               | <b>2,403</b>     | 5,864     | <b>18,067</b>                |
| Non-operating income                                  |                  |           |                              |
| Interest income                                       | 147              | 118       | 1,105                        |
| Dividend income                                       | 1,243            | 1,177     | 9,345                        |
| Foreign exchange gain                                 | —                | 1,897     | —                            |
| Gain on sale of investment securities                 | 343              | —         | 2,578                        |
| Dividend income of insurance                          | 476              | 449       | 3,578                        |
| Other   | 1,024            | 1,023     | 7,699                        |
| Total non-operating income                            | 3,236            | 4,665     | 24,330                       |
| Non-operating expenses                                |                  |           |                              |
| Interest expense                                      | 1,853            | 1,340     | 13,932                       |
| Foreign exchange losses                               | 1,318            | —         | 9,909                        |
| Other   | 2,796            | 1,496     | 21,022                       |
| Total non-operating expenses                          | 5,968            | 2,837     | 44,872                       |
| <b>Ordinary income (loss)</b>                         | <b>(328)</b>     | 7,691     | <b>(2,466)</b>               |
| Extraordinary income                                  |                  |           |                              |
| Gain on sale of fixed assets                          | —                | 550       | —                            |
| Gain on sale of investments in securities             | —                | 502       | —                            |
| Total extraordinary income                            | —                | 1,053     | —                            |
| Extraordinary loss                                    |                  |           |                              |
| Loss on sale and disposition of fixed assets          | —                | 629       | —                            |
| Loss on impairment of fixed assets (Note 6)           | —                | 1,144     | —                            |
| Business structure improvement expenses (Note 6)      | —                | 2,798     | —                            |
| Total extraordinary loss                              | —                | 4,571     | —                            |
| <b>Profit (loss) before income taxes</b>              | <b>(328)</b>     | 4,173     | <b>(2,466)</b>               |
| Income taxes  |                  |           |                              |
| Current   | 2,239            | 2,398     | 16,834                       |
| Deferred  | 216              | (303)     | 1,624                        |
| Total income taxes                                    | 2,456            | 2,094     | 18,466                       |
| <b>Profit (loss)</b>                                  | <b>(2,784)</b>   | 2,078     | <b>(20,932)</b>              |
| Profit attributable to non-controlling interests      | 16               | 12        | 120                          |
| <b>Profit (loss) attributable to owners of parent</b> | <b>¥ (2,800)</b> | ¥ 2,065   | <b>\$ (21,052)</b>           |

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, 2023

|  | Millions of yen  |           | Thousands of U.S.<br>dollars |
|--|------------------|-----------|------------------------------|
|  | 2023             | 2022      | 2023                         |
| <b>Profit (loss)</b>                                   | <b>¥ (2,784)</b> | ¥ 2,078   | <b>\$ (20,932)</b>           |
| Other comprehensive income                             |                  |           |                              |
| Net unrealized holding gain (loss) on other securities | 46               | (2,540)   | 345                          |
| Gain (loss) on deferred hedges                         | (54)             | (59)      | (406)                        |
| Translation adjustments                                | 731              | (293)     | 5,496                        |
| Retirement benefits liability adjustments              | (3,685)          | (1,388)   | (27,706)                     |
| Total other comprehensive income (Note 7)              | (2,962)          | (4,282)   | (22,270)                     |
| <b>Comprehensive income</b>                            | <b>¥ (5,746)</b> | ¥ (2,204) | <b>\$ (43,203)</b>           |
| Comprehensive income attributable to:                  |                  |           |                              |
| Owners of the parent                                   | ¥ (5,766)        | ¥ (2,217) | \$ (43,353)                  |
| Non-controlling interests                              | ¥ 20             | ¥ 13      | \$ 150                       |

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, 2023

|  | 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, 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)   |                  |
| Loss 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   |                  |
| Dividends from surplus   |                      |                            | (2,597)           |                         | (2,597)                    |  |                                |                         |   |  |                               |                           | (2,597)   |                  |
| Loss attributable to owners of parent                                |                      |                            | (2,800)           |                         | (2,800)                    |  |                                |                         |   |  |                               |                           | (2,800)   |                  |
| Purchases of treasury stock  |                      |                            |                   | (0)                     | (0)                        |  |                                |                         |   |  |                               |                           | (0)       |                  |
| Disposition of treasury stock  |                      | (11)                       |                   | 28                      | 16                         |  |                                |                         |   |  |                               |                           | 16        |                  |
| Net changes in items other than shareholders' equity during the term |                      |                            |                   |                         |                            | 46   | (54)                           | 727                     | (3,685)                                   | (2,966)                                      | (16)                          | 9                         | (2,973)   |                  |
| Net changes during the term  | —                    | (11)                       | (5,398)           | 27                      | (5,382)                    | 46   | (54)                           | 727                     | (3,685)                                   | (2,966)                                      | (16)                          | 9                         | (8,356)   |                  |
| Balance at March 31, 2023  | ¥ 44,000             | ¥ 18,994                   | ¥ 49,705          | ¥ (841)                 | ¥ 111,858                  | ¥ 1,077  | ¥ (32)                         | ¥ (8,341)               | ¥ (5,473)                                 | ¥ (12,770)                                   | ¥ 121                         | ¥ 69                      | ¥ 99,279  |                  |

|  | 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, 2022  | \$ 330,827                | \$ 142,902                 | \$ 414,308        | \$ (6,533)              | \$ 881,511                 | \$ 7,744   | \$ 165                         | \$ (68,187)             | \$ (13,443)                               | \$ (73,714)                                  | \$ 1,037                      | \$ 451                    | \$ 809,285 |                  |
| Dividends from surplus   |                           |                            | (19,526)          |                         | (19,526)                   |  |                                |                         |   |  |                               |                           | (19,526)   |                  |
| Loss attributable to owners of parent                                |                           |                            | (21,052)          |                         | (21,052)                   |  |                                |                         |   |  |                               |                           | (21,052)   |                  |
| Purchases of treasury stock  |                           |                            |                   | (0)                     | (0)                        |  |                                |                         |   |  |                               |                           | (0)        |                  |
| Disposition of treasury stock  |                           | (82)                       |                   | 210                     | 120                        |  |                                |                         |   |  |                               |                           | 120        |                  |
| Net changes in items other than shareholders' equity during the term |                           |                            |                   |                         |                            | 345  | (406)                          | 5,466                   | (27,706)                                  | (22,300)                                     | (120)                         | 67                        | (22,353)   |                  |
| Net changes during the term  | —                         | (82)                       | (40,586)          | 203                     | (40,466)                   | 345  | (406)                          | 5,466                   | (27,706)                                  | (22,300)                                     | (120)                         | 67                        | (62,827)   |                  |
| Balance at March 31, 2023  | \$ 330,827                | \$ 142,812                 | \$ 373,721        | \$ (6,323)              | \$ 841,037                 | \$ 8,097   | \$ (240)                       | \$ (62,714)             | \$ (41,150)                               | \$ (96,015)                                  | \$ 909                        | \$ 518                    | \$ 746,458 |                  |

## CONSOLIDATED STATEMENTS OF CASH FLOWS [UNAUDITED]

Oki Electric Industry Co., Ltd. and consolidated subsidiaries  
Year ended March 31, 2023

|   | Millions of yen |          | Thousands of U.S. dollars |
|---|-----------------|----------|---------------------------|
|   | 2023            | 2022     | 2023                      |
| <b>Cash flows from operating activities:</b>                |                 |          |                           |
| Profit (loss) before income taxes                           | ¥ (328)         | ¥ 4,173  | \$ (2,466)                |
| Depreciation  | 12,322          | 12,602   | 92,646                    |
| Increase (decrease) in provisions                           | (342)           | (3,627)  | (2,571)                   |
| Interest and dividend income                                | (1,391)         | (1,295)  | (10,458)                  |
| Interest expenses   | 1,853           | 1,340    | 13,932                    |
| Loss (gain) on sale of investment securities                | (341)           | (502)    | (2,563)                   |
| Decrease (increase) in trade receivables                    | 4,519           | 15,807   | 33,977                    |
| Decrease (increase) in inventories                          | (16,215)        | (12,679) | (121,917)                 |
| Increase (decrease) in trade payables                       | 610             | (5,821)  | 4,586                     |
| Other, net  | 1,210           | (2,119)  | 9,097                     |
| Subtotal  | 1,898           | 7,877    | 14,270                    |
| Interest and dividends received                             | 1,391           | 1,295    | 10,458                    |
| Interest paid   | (1,848)         | (1,394)  | (13,894)                  |
| Income taxes paid   | (4,589)         | (1,857)  | (34,503)                  |
| <b>Net cash provided by (used in) operating activities</b>  | <b>(3,148)</b>  | 5,921    | <b>(23,669)</b>           |
| <b>Cash flows from investing activities:</b>                |                 |          |                           |
| Purchase of property, plant and equipment                   | (10,497)        | (16,811) | (78,924)                  |
| Purchase of intangible assets                               | (6,036)         | (4,889)  | (45,383)                  |
| Proceeds from sale of investment securities                 | 887             | 1,000    | 6,669                     |
| Payments for acquisition of businesses                      | (1,500)         | —        | (11,278)                  |
| Purchase of long-term prepaid expenses                      | (1,378)         | (1,050)  | (10,360)                  |
| Other payments  | (302)           | (331)    | (2,270)                   |
| Other proceeds  | 1,203           | 4,486    | 9,045                     |
| <b>Net cash provided by (used in) investing activities</b>  | <b>(17,623)</b> | (17,597) | <b>(132,503)</b>          |
| <b>Cash flows from financing activities:</b>                |                 |          |                           |
| Net increase (decrease) in short-term borrowings            | 44,108          | (1,244)  | 331,639                   |
| Proceeds from long-term borrowings                          | 6,850           | 25,078   | 51,503                    |
| Repayments of long-term borrowings                          | (21,050)        | (16,080) | (158,270)                 |
| Dividends paid  | (2,587)         | (1,726)  | (19,451)                  |
| Repayments of lease liabilities                             | (4,062)         | (4,369)  | (30,541)                  |
| Other, net  | 16              | 23       | 120                       |
| <b>Net cash provided by (used in) financing activities</b>  | <b>23,275</b>   | 1,680    | <b>175,000</b>            |
| Effect of exchange rate change on cash and cash equivalents | 1,617           | 1,544    | 12,157                    |
| Net increase (decrease) in cash and cash equivalents        | 4,119           | (8,451)  | 30,969                    |
| Cash and cash equivalents at beginning of period            | 33,379          | 41,830   | 250,969                   |
| <b>Cash and cash equivalents at end of period (Note 9)</b>  | <b>¥ 37,498</b> | ¥ 33,379 | <b>\$ 281,939</b>         |

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, 2023

## 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 ¥133 = U.S.\$1.00, the approximate exchange rate prevailing at March 31, 2023. 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 57 subsidiaries are included in the scope of consolidation.

Oki Seatec Co., Ltd. is not included in the consolidated account since it has been absorbed by Shizuoka Oki Electric Co., Ltd. Likewise, OKI SISTEM VE YAZICICOUMLERITICARET LIMITED SIRKETI, OKI ELECTRIC CABLE AMERICA CORPORATION, Oki Electric Cable Changshu Co., Ltd., OKI Power Trading (Shenzhen) Co., Ltd. are not included due to their liquidation. Note that Shizuoka Oki Electric Co., Ltd. changed its name to OKI Com-Echoes 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.

Other negotiable securities:

Those other than shares without market value:

Stated at fair value (Any difference between book value and fair value is included in net assets; sales costs are calculated by mainly the moving average method.)

Shares without market value:

Mainly stated at cost based on the moving average method

(ii) Inventories

The Company and its domestic consolidated subsidiaries value inventories as below.

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 (9 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 (9 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 and long-term debt.

(iii) Hedging policy

Derivative instruments 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

The group tax sharing system is applied.

## 2. NOTES ON CHANGES IN ACCOUNTING POLICIES

(Adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the fiscal year ended March 31, 2023, and it has applied the new accounting policy provided for by the Implementation Guidance

on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures provided for in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. These changes had no impact on the consolidated financial statements for the fiscal year ending March 31, 2023.

**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, 2023 and 2022

|                                    | Millions of yen |         | Thousands of U.S. dollars |
|------------------------------------|-----------------|---------|---------------------------|
|                                    | 2023            | 2022    | 2023                      |
| Allowance for doubtful receivables | ¥ 8,832         | ¥ 9,408 | \$ 66,406                 |

(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 RMB1,111,957 million or ¥21,594 million (\$162,360 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 ¥21,301 million (\$160,157 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 pending as of March 31, 2023.

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 on December 23, 2021 being upheld and the law suit being settled in CaseB is taken into account for a period that is considered to be required for recovery, RMB454,835 million or ¥8,832 million (\$66,406 thousand) is estimated to be irrecoverable and added to allowance for doubtful receivables.

(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, 2023 and 2022

|   | Millions of yen |          | Thousands of U.S. dollars |
|---|-----------------|----------|---------------------------|
|   | 2023            | 2022     | 2023                      |
| 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 | ¥ 57,618        | ¥ 49,520 | \$ 433,218                |
| Of which, for the years ended March 31, 2023, an amount recognized related to construction projects in progress at the end of the period.   | ¥ 29,546        | ¥ 22,108 | \$ 222,150                |

(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, 2023 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 OKI 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.

**3) Estimate of recoverability of deferred tax assets**

(1) Amount recognized on the consolidated financial statements for the years ended March 31, 2023 and 2022

|                     | Millions of yen |         | Thousands of U.S. dollars |
|---------------------|-----------------|---------|---------------------------|
|                     | 2023            | 2022    | 2023                      |
| Deferred tax assets | ¥ 9,627         | ¥ 8,265 | \$ 72,383                 |

(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.

(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. UNAPPLIED ACCOUNTING STANDARDS**

"Accounting Standard for Corporate Taxes, Local Taxes, and Business Taxes" (ASBJ Statement No. 27, October 28, 2022 ASBJ)

"Accounting Standard for Comprehensive Income" (ASBJ Guidance No. 25, October 28, 2022 ASBJ)

"Application Guidance for Effect Accounting Standards on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022 ASBJ)

**1) Summary**

In February 2018, ASBJ issued ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Tax Effect Accounting", etc. ("ASBJ Statement No. 28, etc."), which completed the transfer of practical guidelines on tax effect accounting at the JICPA to the ASBJ Accounting Standards Board, and in the course of the deliberations. The following two issues, which were to be discussed again after the release of ASBJ Statement No. 28, etc., were discussed and released.

"Tax expense classification. (taxation on other comprehensive income)"

"Tax effect on the sale of shares of subsidiaries (shares of subsidiaries or affiliates) when group corporate taxation is applied."

**2) Expected date to apply**

It will be applied from the beginning of the fiscal year ending March 31, 2025.

**3) Impact of application of accounting standard**

The impact on the "Accounting Standard for Corporate Taxes, Local Taxes, and Business Taxes" and other related standards on the consolidated financial statements is currently under evaluation.

**5. 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, 2023 and 2022 were as follows:

|                     | Millions of yen |         | Thousands of U.S. dollars |
|---------------------|-----------------|---------|---------------------------|
|                     | 2023            | 2022    | 2023                      |
| Notes receivable    | ¥ 4,691         | ¥ 8,400 | \$ 35,270                 |
| Accounts receivable | 66,246          | 69,293  | 498,090                   |
| Contract assets     | 23,199          | 16,298  | 174,428                   |

**2) Accumulated depreciation for Property, plant and equipment**

Accumulated depreciation for Property, plant and equipment at March 31, 2023 and 2022 were as follows:

|                          | Millions of yen |           | Thousands of U.S. dollars |
|--------------------------|-----------------|-----------|---------------------------|
|                          | 2023            | 2022      | 2023                      |
| Accumulated depreciation | ¥ 163,953       | ¥ 160,268 | \$ 1,232,729              |

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

Assets pledged as collateral at March 31, 2023 and 2022 were as follows:

|                           | Millions of yen |         | Thousands of U.S. dollars |
|---------------------------|-----------------|---------|---------------------------|
|                           | 2023            | 2022    | 2023                      |
| Investments in securities | ¥ 4,671         | ¥ 5,449 | \$ 35,120                 |

Liabilities collateralized by the above assets at March 31, 2023 and 2022 were as follows:

|                       | Millions of yen |       | Thousands of U.S. dollars |
|-----------------------|-----------------|-------|---------------------------|
|                       | 2023            | 2022  | 2023                      |
| Short-term borrowings | ¥ 3,500         | ¥ 100 | \$ 26,315                 |

**4) Investments in unconsolidated subsidiaries and affiliates**

Investments in unconsolidated subsidiaries and affiliates at March 31, 2023 and 2022 were as follows:

|                           | Millions of yen |         | Thousands of U.S. dollars |
|---------------------------|-----------------|---------|---------------------------|
|                           | 2023            | 2022    | 2023                      |
| Investments in securities | ¥ 1,836         | ¥ 1,772 | \$ 13,804                 |

**5) Contract liabilities**

The balance of contract liabilities in Other current liabilities at March 31, 2023 and 2022 were as follows:

|                      | Millions of yen |         | Thousands of U.S. dollars |
|----------------------|-----------------|---------|---------------------------|
|                      | 2023            | 2022    | 2023                      |
| Contract liabilities | ¥ 7,217         | ¥ 8,548 | \$ 54,263                 |

**6) Liabilities for guarantee**

Guarantee for borrowings by employees at March 31, 2023 and 2022 were as follows:

|                                       | Millions of yen |      | Thousands of U.S. dollars |
|---------------------------------------|-----------------|------|---------------------------|
|                                       | 2023            | 2022 | 2023                      |
| Guarantee for borrowings by employees | ¥ 37            | ¥ 60 | \$ 278                    |

**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 ¥2,359 million (\$17,736 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, 2023 and 2022 were as follows:

|  | Millions of yen |          | Thousands of U.S. dollars |
|--|-----------------|----------|---------------------------|
|  | 2023            | 2022     | 2023                      |
| Total overdraft and Commitment Line amount | ¥ 105,945       | ¥ 66,367 | \$ 796,578                |
| Amount of borrowing execution balance      | 53,115          | 12,292   | 399,360                   |
| Net  | ¥ 52,830        | ¥ 54,074 | \$ 397,218                |

**6. CONSOLIDATED STATEMENT OF INCOMES**

**1) Research and development expenses**

Research and development expenses for the years ended March 31, 2023 and 2022 were as follows:

|  | Millions of yen |          | Thousands of U.S. dollars |
|--|-----------------|----------|---------------------------|
|  | 2023            | 2022     | 2023                      |
| Selling, general and administrative expenses | ¥ 9,608         | ¥ 11,549 | \$ 72,240                 |

**2) Loss on impairment of fixed assets**

The OKI Group posted impairment losses of ¥1,144 million 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 |
|---|-----------------|-------------------------------|-----------------|
| Components & Platforms business (Automation Systems Business) | Business assets | Buildings and structures      | ¥ 60            |
|   |                 | Tools, furniture and fixtures | 749             |
|   |                 | Intangible assets             | 109             |
|   |                 | Others                        | 51              |

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 has not posted any material impairment losses that should be mentioned for the year ended March 31, 2023.

**3) Business structure improvement expenses**

For the years ended March 31, 2023 and 2022, 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 |
|------------------------------------|-----------------|---------|---------------------------|
|                                    | 2023            | 2022    | 2023                      |
| Special retirement expenses        | —               | ¥ 2,171 | —                         |
| Loss on abandonment of inventories | —               | 334     | —                         |
| Other                              | —               | 291     | —                         |
| Total                              | —               | ¥ 2,798 | —                         |

**7. 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 |
|---|-----------------|-----------|---------------------------|
|   | 2023            | 2022      | 2023                      |
| Net unrealized holding gain (loss) on other securities: |                 |           |                           |
| Amount arising during the year                          | ¥ 339           | ¥ (3,321) | \$ 2,548                  |
| Reclassification adjustments                            | (250)           | (329)     | (1,879)                   |
| Before tax effect                                       | 88              | (3,650)   | 661                       |
| Tax effect  | (41)            | 1,110     | (308)                     |
| Net unrealized holding gain (loss) on other securities  | 46              | (2,540)   | 345                       |
| Gain (loss) on deferred hedges:                         |                 |           |                           |
| Amount arising during the year                          | (64)            | (86)      | (481)                     |
| Asset acquisition cost adjustments                      | —               | —         | —                         |
| Before tax effect                                       | (64)            | (86)      | (481)                     |
| Tax effect  | 10              | 26        | 75                        |
| Gain (loss) on deferred hedges                          | (54)            | (59)      | (406)                     |
| Translation adjustments:                                |                 |           |                           |
| Amount arising during the year                          | 738             | (293)     | 5,548                     |
| Reclassification adjustments                            | (6)             | —         | —                         |
| Translation adjustments                                 | 731             | (293)     | 5,496                     |
| Retirement benefits liability adjustments:              |                 |           |                           |
| Amount arising during the year                          | (4,610)         | (3,174)   | (34,661)                  |
| Reclassification adjustments                            | (936)           | (23)      | (7,037)                   |
| Before tax effect                                       | (5,546)         | (3,197)   | (41,699)                  |
| Tax effect  | 1,861           | 1,808     | 13,992                    |
| Retirement benefits liability adjustments               | (3,685)         | (1,388)   | (27,706)                  |
| Total other comprehensive income                        | ¥ (2,962)       | ¥ (4,282) | \$ (22,270)               |

**8. SHAREHOLDERS' EQUITY**

Matters concerning class and total number of shares outstanding during the years ended March 31, 2023 and 2022 were as follows:

|                     | Thousands of shares |                      |                      |                |
|---------------------|---------------------|----------------------|----------------------|----------------|
|                     | 2023                |                      |                      |                |
|                     | March 31, 2022      | Increase in the year | Decrease in the year | March 31, 2023 |
| Shares outstanding: |                     |                      |                      |                |
| Common stock        | 87,217              | —                    | —                    | 87,217         |
| Total               | 87,217              | —                    | —                    | 87,217         |
| Treasury stock:     |                     |                      |                      |                |
| Common stock        | 617                 | 1                    | 20                   | 598            |
| Total               | 617                 | 1                    | 20                   | 598            |

\*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 |                      |                      |                |
|---------------------|---------------------|----------------------|----------------------|----------------|
|                     | 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.

**9. 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 |
|---|-----------------|----------|---------------------------|
|   | 2023            | 2022     | 2023                      |
| Cash and deposits                         | ¥ 37,746        | ¥ 36,691 | \$ 283,804                |
| Deposits with restrictions on withdrawals | (247)           | (3,312)  | (1,857)                   |
| Cash and cash equivalents                 | ¥ 37,498        | ¥ 33,379 | \$ 281,939                |

**10. LEASES**

(Lessee)

Operating lease transactions

The minimum rental commitments under noncancellable operating leases at March 31, 2023 and 2022 were as follows:

|                     | Millions of yen |         | Thousands of U.S. dollars |
|---------------------|-----------------|---------|---------------------------|
|                     | 2023            | 2022    | 2023                      |
| Due within one year | ¥ 714           | ¥ 709   | \$ 5,368                  |
| Due after one year  | 4,218           | 4,903   | 31,714                    |
| Total               | ¥ 4,932         | ¥ 5,612 | \$ 37,082                 |

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



11. 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 "13. Derivatives" do not indicate market risks related to these transactions.

2) Disclosure concerning fair value of financial instruments

As of March 31, 2023 (consolidated balance sheet date), the amount recorded in the consolidated balance sheet, fair value, and the amount of differences were as shown in the table below.

|   | Millions of yen                  |            |            |                                  |            |            | Thousands of U.S. dollars        |            |            |
|---|----------------------------------|------------|------------|----------------------------------|------------|------------|----------------------------------|------------|------------|
|   | 2023                             |            |            | 2022                             |            |            | 2023                             |            |            |
|   | 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 <sup>(*)2)</sup>      | ¥ 25,744                         | ¥ 25,758   | ¥ 14       | ¥ 26,166                         | ¥ 26,184   | ¥ 17       | \$ 193,563                       | \$ 193,669 | \$ 105     |
| (2) Long-term trade receivables                     | 24,941                           |            |            | 25,047                           |            |            | 187,526                          |            |            |
| Allowance for doubtful receivables <sup>(*)3)</sup> | (12,159)                         |            |            | (12,957)                         |            |            | (91,421)                         |            |            |
|   | 12,782                           | 12,782     | —          | 12,089                           | 12,089     | —          | 96,105                           | 96,105     | —          |
| Total assets  | 38,527                           | 38,541     | 14         | 38,256                           | 38,273     | 17         | 289,676                          | 289,781    | 105        |
| (1) Long-term borrowings <sup>(*)4)</sup>           | 50,688                           | 51,040     | 352        | 64,888                           | 65,334     | 446        | 381,112                          | 383,759    | 2,646      |
| Total liabilities                                   | 50,688                           | 51,040     | 352        | 64,888                           | 65,334     | 446        | 381,112                          | 383,759    | 2,646      |
| Derivative transactions <sup>(*)5)</sup>            | ¥ (173)                          | ¥ (173)    | ¥ —        | ¥ 98                             | ¥ 98       | ¥ —        | \$ (1,300)                       | \$ (1,300) | \$ —       |

\*1 Notes are omitted on cash and deposits; notes and accounts receivable, and contract assets; notes and accounts payable; short-term borrowings, 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 |
|--|-----------------|---------|---------------------------|
|  | 2023            | 2022    | 2023                      |
|  | unlisted shares | ¥ 8,370 | ¥ 8,328                   |

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

\*4 As of March 31, 2023 and 2022, Long-term borrowing (¥19,420 million (\$146,015 thousand) and ¥21,050 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:

1. Redemption schedule for monetary assets and securities with maturity dates as of March 31, 2023 and 2022:

|                               | Millions of yen |                       |                        |               |
|-------------------------------|-----------------|-----------------------|------------------------|---------------|
|                               | 2023            |                       |                        |               |
|                               | Within 1 year   | Between 1 and 5 years | Between 5 and 10 years | Over 10 years |
| Cash and deposits             | ¥ 37,746        | ¥ —                   | ¥ —                    | ¥ —           |
| Notes and accounts receivable | 88,438          | 6,160                 | —                      | —             |
| Total                         | ¥ 126,184       | ¥ 6,160               | ¥ —                    | ¥ —           |

|                               | 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               | ¥ —                    | ¥ —           |

|                               | Thousands of U.S. dollars |                       |                        |               |
|-------------------------------|---------------------------|-----------------------|------------------------|---------------|
|                               | 2023                      |                       |                        |               |
|                               | Within 1 year             | Between 1 and 5 years | Between 5 and 10 years | Over 10 years |
| Cash and deposits             | \$ 283,804                | \$ —                  | \$ —                   | \$ —          |
| Notes and accounts receivable | 664,947                   | 46,315                | —                      | —             |
| Total                         | \$ 948,751                | \$ 46,315             | \$ —                   | \$ —          |

2. Repayment schedule for long-term borrowings and other interest-bearing debt at of March 31, 2023 and 2022:

|                       | Millions of yen |                       |                       |                       |                       |              |
|-----------------------|-----------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------|
|                       | 2023            |                       |                       |                       |                       |              |
|                       | 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 | ¥ 67,294        | ¥ —                   | ¥ —                   | ¥ —                   | ¥ —                   | ¥ —          |
| Long-term borrowings  | 19,420          | 14,426                | 9,094                 | 6,378                 | 1,370                 | —            |
| Total                 | ¥ 86,714        | ¥ 14,426              | ¥ 9,094               | ¥ 6,378               | ¥ 1,370               | ¥ —          |

|                       | 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               | ¥ —          |

|                       | Thousands of U.S. dollars |                       |                       |                       |                       |              |
|-----------------------|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------|
|                       | 2023                      |                       |                       |                       |                       |              |
|                       | 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 | \$ 505,969                | \$ —                  | \$ —                  | \$ —                  | \$ —                  | \$ —         |
| Long-term borrowings  | 146,015                   | 108,466               | 68,375                | 47,954                | 10,300                | —            |
| Total                 | \$ 651,984                | \$ 108,466            | \$ 68,375             | \$ 47,954             | \$ 10,300             | \$ —         |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS [UNAUDITED]

**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             |          |         |         |          |
|-----------------------------|----------|---------|---------|----------|
| 2023                        |          |         |         |          |
| Fair value                  |          |         |         |          |
|                             | Level 1  | Level 2 | Level 3 | Total    |
| Investments in securities   |          |         |         |          |
| Other negotiable securities |          |         |         |          |
| Equity Securities           | ¥ 25,734 | ¥ —     | ¥ —     | ¥ 25,734 |
| Derivative transactions*    | ¥ —      | ¥ (173) | ¥ —     | ¥ (173)  |

| 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   |            |            |         |            |
|-----------------------------|------------|------------|---------|------------|
| 2023                        |            |            |         |            |
| Fair value                  |            |            |         |            |
|                             | Level 1    | Level 2    | Level 3 | Total      |
| Investments in securities   |            |            |         |            |
| Other negotiable securities |            |            |         |            |
| Equity Securities           | \$ 193,488 | \$ —       | \$ —    | \$ 193,488 |
| Derivative transactions*    | \$ —       | \$ (1,300) | \$ —    | \$ (1,300) |

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

| Millions of yen             |         |          |         |          |
|-----------------------------|---------|----------|---------|----------|
| 2023                        |         |          |         |          |
| Fair value                  |         |          |         |          |
|                             | Level 1 | Level 2  | Level 3 | Total    |
| Investments in securities   |         |          |         |          |
| Other negotiable securities |         |          |         |          |
| Golf club memberships       | ¥ —     | ¥ 24     | ¥ —     | ¥ 24     |
| Long-term trade receivables | —       | —        | 12,782  | 12,782   |
| Long-term debt              | ¥ —     | ¥ 51,040 | ¥ —     | ¥ 51,040 |

| 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   |         |            |         |            |
|-----------------------------|---------|------------|---------|------------|
| 2023                        |         |            |         |            |
| Fair value                  |         |            |         |            |
|                             | Level 1 | Level 2    | Level 3 | Total      |
| Investments in securities   |         |            |         |            |
| Other negotiable securities |         |            |         |            |
| Golf club memberships       | \$ —    | \$ 180     | \$ —    | \$ 180     |
| Long-term trade receivables | —       | —          | 96,105  | 96,105     |
| Long-term debt              | \$ —    | \$ 383,759 | \$ —    | \$ 383,759 |

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.

**12. SECURITIES**

**1) Trading Securities**

Not applicable

**2) Bonds Held to Maturity**

Not applicable

**3) Other Securities**

Securities at March 31, 2023 and 2022 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        |                   |            |
|--|----------------------------------|-------------------|------------|----------------------------------|-------------------|------------|----------------------------------|-------------------|------------|
|  | 2023                             |                   |            | 2022                             |                   |            | 2023                             |                   |            |
|  | 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  | ¥ 6,828                          | ¥ 4,551           | ¥ 2,277    | ¥ 4,916                          | ¥ 2,768           | ¥ 2,147    | \$ 51,338                        | \$ 34,218         | \$ 17,120  |
| Subtotal   | 6,828                            | 4,551             | 2,277      | 4,916                            | 2,768             | 2,147      | 51,338                           | 34,218            | 17,120     |
| Other securities whose fair value recorded in balance sheet does not exceed their acquisition costs: |                                  |                   |            |                                  |                   |            |                                  |                   |            |
| Equity securities  | 18,916                           | 19,661            | (744)      | 21,250                           | 21,958            | (707)      | 142,225                          | 147,827           | (5,593)    |
| Subtotal   | 18,916                           | 19,661            | (744)      | 21,250                           | 21,958            | (707)      | 142,225                          | 147,827           | (5,593)    |
| Total  | ¥ 25,744                         | ¥ 24,212          | ¥ 1,532    | ¥ 26,166                         | ¥ 24,727          | ¥ 1,439    | \$ 193,563                       | \$ 182,045        | \$ 11,518  |

**4) Sales of other securities for the years ended March 31, 2023 and 2022 were as follows:**

|                   | Millions of yen     |               |               |                     |               |               | Thousands of U.S. dollars |               |               |
|-------------------|---------------------|---------------|---------------|---------------------|---------------|---------------|---------------------------|---------------|---------------|
|                   | 2023                |               |               | 2022                |               |               | 2023                      |               |               |
|                   | 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 | ¥ 774               | ¥ 252         | ¥ 2           | ¥ 791               | ¥ 340         | ¥ —           | \$ 5,819                  | \$ 1,894      | \$ 15         |
| Total             | ¥ 774               | ¥ 252         | ¥ 2           | ¥ 791               | ¥ 340         | ¥ —           | \$ 5,819                  | \$ 1,894      | \$ 15         |

**5) Impairment losses on securities**

Year ended March 31, 2022

Not applicable

Year ended March 31, 2023

Not applicable

**13. DERIVATIVES**

Derivative transactions at March 31, 2023 and 2022 were as follows:

**1) Derivative transactions which do not qualify for hedge accounting**

(i) Currency related

|                                    | Millions of yen |                             |            |                        | Thousands of U.S. dollars |                             |            |                        |
|------------------------------------|-----------------|-----------------------------|------------|------------------------|---------------------------|-----------------------------|------------|------------------------|
|                                    | 2023            |                             |            |                        | 2023                      |                             |            |                        |
|                                    | 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                               | ¥ 2,757         | ¥ —                         | ¥ (10)     | ¥ (10)                 | \$ 20,729                 | \$ —                        | \$ (75)    | \$ (75)                |
| Buy:                               |                 |                             |            |                        |                           |                             |            |                        |
| U.S. dollars                       | 2,221           | —                           | (130)      | (130)                  | 16,699                    | —                           | (977)      | (977)                  |
| Total                              | ¥ 4,979         | ¥ —                         | ¥ (141)    | ¥ (141)                | \$ 37,436                 | \$ —                        | \$ (1,060) | \$ (1,060)             |

|                                    | Millions of yen |                             |            |                        |
|------------------------------------|-----------------|-----------------------------|------------|------------------------|
|                                    | 2022            |                             |            |                        |
|                                    | Contract amount | Contract amount over 1 year | Fair value | Unrealized gain / loss |
| Forward foreign exchange contract: |                 |                             |            |                        |
| Sell:                              |                 |                             |            |                        |
| Euro                               | ¥ 2,768         | ¥ —                         | ¥ (131)    | ¥ (131)                |
| Buy:                               |                 |                             |            |                        |
| U.S. dollars                       | 2,129           | —                           | 196        | 196                    |
| Total                              | ¥ 4,897         | ¥ —                         | ¥ 65       | ¥ 65                   |

(ii) Interest rate related

Not applicable

2) Derivative transactions which qualify for hedge accounting

(i) Currency related

| Hedged item   |                     | Millions of yen |                             |            | Thousands of U.S. dollars |                             |            |
|---|---------------------|-----------------|-----------------------------|------------|---------------------------|-----------------------------|------------|
|   |                     | 2023            |                             |            | 2023                      |                             |            |
|   |                     | 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 | ¥ 6,497         | ¥ —                         | ¥ (166)    | \$ 48,849                 | \$ —                        | \$ (1,248) |
| Buy:  |                     |                 |                             |            |                           |                             |            |
| U.S. dollars  | Accounts payable    | 5,745           | —                           | 134        | 43,195                    | —                           | 1,007      |
| Total   |                     | ¥ 12,242        | ¥ —                         | ¥ (32)     | \$ 92,045                 | \$ —                        | \$ (240)   |

| Hedged item   |                     | Millions of yen |                             |            |
|---|---------------------|-----------------|-----------------------------|------------|
|   |                     | 2022            |                             |            |
|   |                     | Contract amount | Contract amount over 1 year | Fair value |
| Forward foreign exchange contract (Principle-based accounting): |                     |                 |                             |            |
| Sell:   |                     |                 |                             |            |
| Euro  | Accounts receivable | ¥ 3,886         | ¥ —                         | ¥ (205)    |
| Buy:  |                     |                 |                             |            |
| U.S. dollars  | Accounts payable    | 4,118           | —                           | 237        |
| Total   |                     | ¥ 8,005         | ¥ —                         | ¥ 32       |

(ii) Interest rate related

| Hedged item                              |                      | Millions of yen |                             |            | Thousands of U.S. dollars |                             |            |
|--|----------------------|-----------------|-----------------------------|------------|---------------------------|-----------------------------|------------|
|  |                      | 2023            |                             |            | 2023                      |                             |            |
|  |                      | 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 | ¥ 40,278        | ¥ 24,120                    | *          | \$ 302,842                | \$ 181,353                  | *          |

| Hedged item                              |                      | Millions of yen |                             |            |
|--|----------------------|-----------------|-----------------------------|------------|
|  |                      | 2022            |                             |            |
|  |                      | 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                    | *          |

\* 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.

14. 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, 2023 and 2022 were as follows:

|  | Millions of yen |           | Thousands of U.S. dollars |
|--|-----------------|-----------|---------------------------|
|  | 2023            | 2022      | 2023                      |
| Retirement benefit obligation at April 1, 2022 and 2021  | ¥ 101,013       | ¥ 105,590 | \$ 759,496                |
| Service cost   | 2,807           | 3,164     | 21,105                    |
| Interest cost  | 1,206           | 1,167     | 9,067                     |
| Actuarial gain / loss                                    | (69)            | (237)     | (518)                     |
| Retirement benefit paid                                  | (8,134)         | (8,023)   | (61,157)                  |
| Other  | 54              | (647)     | 406                       |
| Retirement benefit obligation at March 31, 2023 and 2022 | ¥ 96,879        | ¥ 101,013 | \$ 728,413                |

(2) The changes in plan assets during the years ended March 31, 2023 and 2022 were as follows:

|   | Millions of yen |           | Thousands of U.S. dollars |
|---|-----------------|-----------|---------------------------|
|   | 2023            | 2022      | 2023                      |
| Plan assets at April 1, 2022 and 2021         | ¥ 100,140       | ¥ 104,807 | \$ 752,932                |
| Expected return on plan assets                | 2,422           | 2,313     | 18,210                    |
| Actuarial gain / loss                         | (4,667)         | (3,426)   | (35,090)                  |
| Contributions by the Company and subsidiaries | 1,288           | 1,395     | 9,684                     |
| Retirement benefits paid                      | (6,018)         | (4,949)   | (45,248)                  |
| Plan assets at March 31, 2023 and 2022        | ¥ 93,165        | ¥ 100,140 | \$ 700,488                |

(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, 2023 and 2022 for the Company's and the consolidated subsidiaries' defined benefit plans:

|  | Millions of yen |           | Thousands of U.S. dollars |
|--|-----------------|-----------|---------------------------|
|  | 2023            | 2022      | 2023                      |
| Funded retirement benefit obligation                       | ¥ 81,132        | ¥ 85,482  | \$ 610,015                |
| Plan assets at fair value                                  | (93,165)        | (100,140) | (700,488)                 |
|  | (12,032)        | (14,657)  | (90,466)                  |
| Unfunded retirement benefit obligation                     | 15,746          | 15,531    | 118,390                   |
| Net liability for retirement benefits in the balance sheet | ¥ 3,713         | ¥ 873     | \$ 27,917                 |
| Liability for retirement benefits                          | 30,906          | 31,320    | 232,375                   |
| Asset for retirement benefits                              | (27,192)        | (30,447)  | (204,451)                 |
| Net asset for retirement benefits in the balance sheet     | ¥ 3,713         | ¥ 873     | \$ 27,917                 |

(4) The components of retirement benefit expense for the years ended March 31, 2023 and 2022 were as follows:

|                                       | Millions of yen |         | Thousands of U.S. dollars |
|---------------------------------------|-----------------|---------|---------------------------|
|                                       | 2023            | 2022    | 2023                      |
| Service cost                          | ¥ 2,807         | ¥ 3,164 | \$ 21,105                 |
| Interest cost                         | 1,206           | 1,167   | 9,067                     |
| Expected return on plan assets        | (2,422)         | (2,313) | (18,210)                  |
| Amortization of actuarial gain / loss | (388)           | 95      | (2,917)                   |
| Amortization of prior service cost    | (547)           | (118)   | (4,112)                   |
| Other                                 | 188             | 473     | 1,413                     |
| Retirement benefit expense            | ¥ 843           | ¥ 2,468 | \$ 6,338                  |

Note: In addition to the retirement benefit costs related to the above defined benefit plan, as a special retirement allowance, ¥32 million was recorded as miscellaneous expenses for non-operating expenses, and ¥2,171 million was recorded as an extraordinary loss in Business restructuring expenses for extraordinary for the year ended March 31, 2022.

(5) The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2023 and 2022 were as follows:

|                       | Millions of yen |           | Thousands of U.S. dollars |
|-----------------------|-----------------|-----------|---------------------------|
|                       | 2023            | 2022      | 2023                      |
| Prior service cost    | ¥ (547)         | ¥ (118)   | \$ (4,112)                |
| Actuarial gain / loss | (4,999)         | (3,079)   | (37,586)                  |
| Total                 | ¥ (5,546)       | ¥ (3,197) | \$ (41,699)               |

(6) The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2023 and 2022 were as follows:

|                                    | Millions of yen |         | Thousands of U.S. dollars |
|------------------------------------|-----------------|---------|---------------------------|
|                                    | 2023            | 2022    | 2023                      |
| Unrecognized prior service cost    | ¥ 444           | ¥ (102) | \$ 3,338                  |
| Unrecognized actuarial gain / loss | 4,394           | (605)   | 33,037                    |
| Total                              | ¥ 4,838         | ¥ (707) | \$ 36,375                 |

(7) Plan assets

(i) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2023 and 2022 were as follows:

|             | 2023 | 2022 |
|-------------|------|------|
| Bonds       | 37%  | 37%  |
| Stocks      | 30   | 28   |
| Alternative | 21   | 17   |
| Other       | 12   | 18   |
| Total*      | 100% | 100% |

\* The retirement benefit trust consists of 18% of the total plan assets for the year ended March 31, 2023 and 16% of the total plan assets for the year ended March 31, 2022, 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:

|  | 2023  | 2022  |
|--|-------|-------|
| Discount rate                          | 0.9%  | 0.9%  |
| Expected rate of return on plan assets | 2.50% | 2.26% |

### 3) Defined contribution plan

The Company and domestic consolidated subsidiaries made required contributions to the defined contribution plans of ¥2,122 million (\$15,954 thousand) and ¥2,178 million for the years ended March 31, 2023 and 2022, respectively.

## 15. STOCK OPTION PLAN

The stock options outstanding as of March 31, 2023 were as follows:

### 1) The amount in relation to the stock options.

Not applicable.

### 2) The size of stock option and its circumstances.

|   | July 29, 2016   | July 28, 2017   | July 27, 2018   |
|---|---|---|---|
| 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   | 28,800 shares   | 32,500 shares   |
| Vested  | —   | —   | —   |
| Exercised   | 2,700 shares  | 2,700 shares  | 2,700 shares  |
| Cancelled   | —   | —   | —   |
| Outstanding   | 17,900 shares   | 26,100 shares   | 29,800 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 (\$6.46)   | ¥1,000 (\$7.51)   | ¥878 (\$6.60)   |

|   | July 26, 2019   | July 30, 2020   |
|---|---|---|
| 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   | 39,800 shares   | 47,500 shares   |
| Vested  | —   | —   |
| Exercised   | 6,100 shares  | 6,100 shares  |
| Cancelled   | —   | —   |
| Outstanding   | 33,700 shares   | 41,400 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 (\$7.22)   | ¥526 (\$3.95)   |

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, 2023.

### 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.

16. INCOME TAXES

1) Deferred tax assets and liabilities at March 31, 2023 and 2022 consisted of the following:

|   | Millions of yen |            | Thousands of U.S. dollars |
|---|-----------------|------------|---------------------------|
|   | 2023            | 2022       | 2023                      |
| Deferred tax assets:  |                 |            |                           |
| Loss carryforwards (Note)   | ¥ 23,513        | ¥ 20,883   | \$ 176,789                |
| Liability for retirement benefits   | 12,436          | 12,463     | 93,503                    |
| Accrued bonuses   | 3,636           | 3,730      | 27,338                    |
| Write-downs of inventories  | 2,492           | 2,162      | 18,736                    |
| Excess of allowance for doubtful receivables and bad debts expenses       | 2,397           | 2,663      | 18,022                    |
| Write-downs of investments in securities                                  | 1,840           | 1,840      | 13,834                    |
| Provision for loss on construction contracts                              | 989             | 642        | 7,436                     |
| Excess depreciation   | 900             | 849        | 6,766                     |
| Other   | 5,142           | 5,942      | 38,661                    |
| Gross deferred tax assets   | 53,345          | 51,174     | 401,090                   |
| Valuation allowance for tax loss carryforwards (Note)                     | (22,613)        | (20,705)   | (170,022)                 |
| Valuation allowance for deductible temporary differences                  | (21,104)        | (22,204)   | (158,676)                 |
| Less: Valuation allowance   | (43,718)        | (42,909)   | (328,706)                 |
| Total deferred tax assets   | 9,627           | 8,265      | 72,383                    |
| Deferred tax liabilities:   |                 |            |                           |
| Asset for retirement benefits   | (8,483)         | (9,290)    | (63,781)                  |
| Write-ups of investments in securities                                    | (5,723)         | (5,723)    | (43,030)                  |
| Taxable unrealized gain on contribution of securities to a pension trust  | (1,916)         | (1,944)    | (14,406)                  |
| Fair-value accounting for associated with the acquisition of a subsidiary | (937)           | (944)      | (7,045)                   |
| Other   | (1,605)         | (1,431)    | (12,067)                  |
| Total deferred tax liabilities  | (18,664)        | (19,332)   | (140,330)                 |
| Net deferred tax liabilities  | ¥ (9,036)       | ¥ (11,067) | \$ (67,939)               |

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

|                           | Millions of yen |                       |                       |                       |                       |              |          |
|---------------------------|-----------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------|----------|
|                           | 2023            |                       |                       |                       |                       |              |          |
|                           | 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        | ¥ 303           | ¥ 221                 | ¥ 894                 | ¥ 2,854               | ¥ 163                 | ¥ 19,075     | ¥ 23,513 |
| Less: Valuation allowance | (302)           | (214)                 | (889)                 | (2,002)               | (163)                 | (19,040)     | (22,613) |
| Deferred tax assets       | ¥ 1             | ¥ 7                   | ¥ 5                   | ¥ 851                 | ¥ —                   | ¥ 34         | ¥ 900    |

|                           | 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    |

|                           | Thousands of U.S. dollars |                       |                       |                       |                       |              |            |
|---------------------------|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------|------------|
|                           | 2023                      |                       |                       |                       |                       |              |            |
|                           | 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        | \$ 2,278                  | \$ 1,661              | \$ 6,721              | \$ 21,458             | \$ 1,225              | \$ 143,421   | \$ 176,789 |
| Less: Valuation allowance | (2,270)                   | (1,609)               | (6,684)               | (15,052)              | (1,225)               | (143,157)    | (170,022)  |
| Deferred tax assets       | \$ 8                      | \$ 52                 | \$ 37                 | \$ 6,406              | \$ —                  | \$ 264       | \$ 6,767   |

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, 2023 and 2022, 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, 2023 and 2022 are summarized as follows:

|  | 2023 | 2022   |
|--|------|--------|
| Statutory tax rates  | —%   | 30.6%  |
| Additions to (deductions from) income taxes resulting from:                      |      |        |
| Permanent differences not recognized for tax purposes such as dividends received | —    | (3.2)  |
| Permanent nondeductible differences such as entertainment expenses               | —    | 54.6   |
| Increase (decrease) in valuation allowance for deferred tax assets               | —    | (56.7) |
| Per capita portion of inhabitants' taxes   | —    | 7.3    |
| Extinction of loss carryforwards   | —    | 35.4   |
| Difference in applicable tax rates of overseas subsidiaries                      | —    | (13.9) |
| Other, net   | —    | (3.8)  |
| Effective tax rates  | —%   | 50.2%  |

Note: Not stated because loss before income taxes was recorded for the current fiscal year.

3) Accounting process of corporate tax and local corporate tax or accounting process of tax effect accounting relating thereto  
The Company and its domestic consolidated subsidiaries have applied the group tax sharing system from the fiscal year. In accordance with "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021), the Company has performed the accounting process of the corporate tax and local corporate tax or the accounting process of the tax effect accounting relating thereto and has disclosed such information.

17. REVENUE RECOGNITION

1) Information on disaggregation of revenue from contracts with customers

From the years ended March 31, 2023, we have changed "Geographical market" divisions.

"Geographical market" divisions for the years ended March 31, 2022 were based on the divisions after the change.

|                                       | Millions of yen    |                        |           |        |           |
|---------------------------------------|--------------------|------------------------|-----------|--------|-----------|
|                                       | 2023               |                        |           |        |           |
|                                       | Reportable segment |                        |           | Other* | Total     |
|                                       | Solution Systems   | Components & Platforms | Subtotal  |        |           |
| For the year ended March 31           |                    |                        |           |        |           |
| <Breakdown of net sales>              |                    |                        |           |        |           |
| Revenue from contracts with customers | ¥ 179,344          | ¥ 186,289              | ¥ 365,633 | ¥ 527  | ¥ 366,161 |
| Other revenue                         | 18                 | 2,916                  | 2,934     | —      | 2,934     |
| Total net sales                       | 179,362            | 189,205                | 368,568   | 527    | 369,096   |
| <Geographical market>                 |                    |                        |           |        |           |
| Revenue from contracts with customers |                    |                        |           |        |           |
| Japan                                 | 176,936            | 127,726                | 304,662   | 527    | 305,190   |
| Europe                                | 35                 | 25,400                 | 25,435    | —      | 25,435    |
| Asia                                  | 2,372              | 20,916                 | 23,288    | —      | 23,288    |
| North America                         | —                  | 7,965                  | 7,965     | —      | 7,965     |
| Others                                | 0                  | 4,280                  | 4,281     | —      | 4,281     |
| Other revenue                         |                    |                        |           |        |           |
| Japan                                 | 18                 | 2,916                  | 2,934     | —      | 2,934     |
| <Timing of revenue recognition>       |                    |                        |           |        |           |
| Revenue from contracts with customers |                    |                        |           |        |           |
| Revenue recognized at one point       | 54,181             | 153,209                | 207,390   | 67     | 207,458   |
| Revenue recognized over time          | ¥ 125,163          | ¥ 33,079               | ¥ 158,242 | ¥ 460  | ¥ 158,703 |

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS [UNAUDITED]

|                                       | Millions of yen        |           |           |        |           |
|---------------------------------------|------------------------|-----------|-----------|--------|-----------|
|                                       | 2022                   |           |           |        |           |
|                                       | Reportable segment     |           |           | Other* | Total     |
| Solution Systems                      | Components & Platforms | Subtotal  |           |        |           |
| <b>For the year ended March 31</b>    |                        |           |           |        |           |
| <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   |
| Europe                                | 8                      | 24,377    | 24,386    | —      | 24,386    |
| Asia                                  | 6                      | 17,518    | 17,524    | —      | 17,524    |
| North America                         | —                      | 8,144     | 8,144     | —      | 8,144     |
| Others                                | —                      | 4,825     | 4,825     | —      | 4,825     |
| 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 |              |              |          |              |
|---------------------------------------|---------------------------|--------------|--------------|----------|--------------|
|                                       | 2023                      |              |              |          |              |
|                                       | Reportable segment        |              |              | Other*   | Total        |
| Solution Systems                      | Components & Platforms    | Subtotal     |              |          |              |
| <b>For the year ended March 31</b>    |                           |              |              |          |              |
| <Breakdown of net sales>              |                           |              |              |          |              |
| Revenue from contracts with customers | \$ 1,348,451              | \$ 1,400,669 | \$ 2,749,120 | \$ 3,962 | \$ 2,753,090 |
| Other revenue                         | 135                       | 21,924       | 22,060       | —        | 22,060       |
| Total net sales                       | 1,348,586                 | 1,422,593    | 2,771,187    | 3,962    | 2,775,157    |
| <Geographical market>                 |                           |              |              |          |              |
| Revenue from contracts with customers |                           |              |              |          |              |
| Japan                                 | 1,330,345                 | 960,345      | 2,290,691    | 3,962    | 2,294,661    |
| Europe                                | 263                       | 190,977      | 191,240      | —        | 191,240      |
| Asia                                  | 17,834                    | 157,263      | 175,097      | —        | 175,097      |
| North America                         | —                         | 59,887       | 59,887       | —        | 59,887       |
| Others                                | 0                         | 32,180       | 32,187       | —        | 32,187       |
| Other revenue                         |                           |              |              |          |              |
| Japan                                 | 135                       | 21,924       | 22,060       | —        | 22,060       |
| <Timing of revenue recognition>       |                           |              |              |          |              |
| Revenue from contracts with customers |                           |              |              |          |              |
| Revenue recognized at one point       | 407,375                   | 1,151,947    | 1,559,323    | 503      | 1,559,834    |
| Revenue recognized over time          | \$ 941,075                | \$ 248,714   | \$ 1,189,789 | \$ 3,458 | \$ 1,193,255 |

\* "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                       |                      |             |   |           |
|---------------------------------------|---------------------------------------|----------------------|-------------|---|-----------|
|                                       | 2023                                  |                      |             |   |           |
|                                       | By business areas (Solution Systems)* |                      |             |   |           |
|                                       | Public Solutions                      | Enterprise Solutions | DX Platform | Engineering work and maintenance services | Total     |
| <b>For the year ended March 31</b>    |                                       |                      |             |   |           |
| Revenue from contracts with customers | ¥ 54,204                              | ¥ 61,502             | ¥ 14,441    | ¥ 49,195                                  | ¥ 179,344 |
| Other revenue                         | —                                     | —                    | 18          | —   | 18        |
| Total net sales                       | ¥ 54,204                              | ¥ 61,502             | ¥ 14,460    | ¥ 49,195                                  | ¥ 179,362 |

\* 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), aircraft equipment, 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 (Solution Systems)* |                      |             |   |           |
|                                       | Public Solutions                      | Enterprise Solutions | DX Platform | Engineering work and maintenance services | Total     |
| <b>For the year ended March 31</b>    |                                       |                      |             |   |           |
| 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.

| 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.  |

|                                       | Thousands of U.S. dollars            |                      |             |   |              |
|---------------------------------------|--------------------------------------|----------------------|-------------|---|--------------|
|                                       | 2023                                 |                      |             |   |              |
|                                       | By business areas (Solution Systems) |                      |             |   |              |
|                                       | Public Solutions                     | Enterprise Solutions | DX Platform | Engineering work and maintenance services | Total        |
| <b>For the year ended March 31</b>    |                                      |                      |             |   |              |
| Revenue from contracts with customers | \$ 407,548                           | \$ 462,421           | \$ 108,578  | \$ 369,887                                | \$ 1,348,451 |
| Other revenue                         | —                                    | —                    | 135         | —   | 135          |
| Total net sales                       | \$ 407,548                           | \$ 462,421           | \$ 108,721  | \$ 369,887                                | \$ 1,348,586 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS [UNAUDITED]

|                                       | Millions of yen                             |                      |           |
|---------------------------------------|---|----------------------|-----------|
|                                       | 2023  |                      |           |
|                                       | By business areas (Components & Platforms)* |                      |           |
|                                       | Components                                  | Mono-zukuri Platform | Total     |
| <b>For the year ended March 31</b>    |   |                      |           |
| Revenue from contracts with customers | ¥ 110,955                                   | ¥ 75,334             | ¥ 186,289 |
| Other revenue                         | 2,916                                       | —                    | 2,916     |
| Total net sales                       | ¥ 113,871                                   | ¥ 75,334             | ¥ 189,205 |

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

| 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.   |

|                                       | Millions of yen                             |                      |           |
|---------------------------------------|---|----------------------|-----------|
|                                       | 2022  |                      |           |
|                                       | By business areas (Components & Platforms)* |                      |           |
|                                       | Components                                  | Mono-zukuri Platform | Total     |
| <b>For the year ended March 31</b>    |   |                      |           |
| 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.

| 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.   |

|                                       | Thousands of U.S. dollars                  |                      |              |
|---------------------------------------|--|----------------------|--------------|
|                                       | 2023                                       |                      |              |
|                                       | By business areas (Components & Platforms) |                      |              |
|                                       | Components                                 | Mono-zukuri Platform | Total        |
| <b>For the year ended March 31</b>    |  |                      |              |
| Revenue from contracts with customers | \$ 834,248                                 | \$ 566,421           | \$ 1,400,669 |
| Other revenue                         | 21,924                                     | —                    | 21,924       |
| Total net sales                       | \$ 856,172                                 | \$ 566,421           | \$ 1,422,593 |

**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 at March 31, 2023 and 2022 were as follows:

|   | Millions of yen      |                     | Thousands of U.S. dollars |
|---|----------------------|---------------------|---------------------------|
|   | As of March 31, 2023 | As of April 1, 2022 |                           |
| Receivables from contracts with customers | ¥ 70,938             | ¥ 77,693            | \$ 533,368                |
| Of which, notes receivable                | 4,691                | 8,400               | 35,270                    |
| Of which, accounts receivable             | 66,246               | 69,293              | 498,090                   |
| Contract assets                           | 23,199               | 16,298              | 174,428                   |
| Contract liabilities                      | ¥ 7,217              | ¥ 8,548             | \$ 54,263                 |

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 ¥4,630 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.
4. Contract liabilities are included in "Others" under the current liabilities in the consolidated financial statements.

|   | Millions of yen      |                     |
|---|----------------------|---------------------|
|   | As of March 31, 2022 | As of April 1, 2021 |
| Receivables from contracts with customers | ¥ 77,693             | ¥ 95,796            |
| Of which, notes receivable                | 8,400                | 7,144               |
| Of which, accounts receivable             | 69,293               | 88,651              |
| Contract assets                           | 16,298               | 10,392              |
| Contract liabilities                      | ¥ 8,548              | ¥ 5,857             |

- 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 |
|--|-----------------|----------|---------------------------|
|  | 2023            | 2022     | 2023                      |
| Within one year                          | ¥ 29,682        | ¥ 19,153 | \$ 223,172                |
| One year to three years                  | 22,975          | 8,704    | 172,744                   |
| Over three years                         | 706             | 434      | 5,308                     |
| Unsatisfied performance obligation total | ¥ 53,364        | ¥ 28,292 | \$ 401,233                |

**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, aircraft equipment, 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. |



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS [UNAUDITED]

(2) Calculation method of net sales, profit or loss, assets, liabilities and other items on each reporting segment  
The account policies of the reporting segments is the same as those described in "Note1. Summary of Significant Accounting Policies" and intersegment sales and transfers are calculated at the prevailing market prices.

(3) Information on net sales, profit or loss, assets, liabilities and other items by each reporting segment  
Reporting segment information as of March 31, 2023 and 2022 and for the years then ended were as follows:

|  | Millions of yen        |           |           |        |           |             |              |
|--|------------------------|-----------|-----------|--------|-----------|-------------|--------------|
|  | 2023                   |           |           |        |           |             |              |
|  | Segments               |           |           | Other  | Total     | Adjustments | Consolidated |
| Solution Systems   | Components & Platforms | Subtotal  |           |        |           |             |              |
| <b>For the year ended March 31</b>                           |                        |           |           |        |           |             |              |
| Sales to third parties                                       | ¥ 179,362              | ¥ 189,205 | ¥ 368,568 | ¥ 527  | ¥ 369,096 | —           | ¥ 369,096    |
| Inter-segment sales and transfers                            | 898                    | 4,045     | 4,943     | 11,983 | 16,927    | (16,927)    | —            |
| Net sales  | 180,261                | 193,251   | 373,512   | 12,511 | 386,023   | (16,927)    | 369,096      |
| Operating income (loss)                                      | 8,469                  | (114)     | 8,355     | 429    | 8,784     | (6,381)     | 2,403        |
| Total assets   | 137,336                | 186,649   | 323,985   | 8,919  | 332,904   | 57,520      | 390,425      |
| Depreciation and amortization                                | 3,037                  | 6,658     | 9,695     | 244    | 9,940     | 1,371       | 11,312       |
| Investments in equity-method affiliates                      | 1,024                  | 811       | 1,836     | —      | 1,836     | —           | 1,836        |
| Increase in property, plant, equipment and intangible assets | ¥ 5,877                | ¥ 10,125  | ¥ 16,003  | ¥ 455  | ¥ 16,458  | ¥ 2,316     | ¥ 18,774     |

|  | Millions of yen        |           |           |        |           |             |              |
|--|------------------------|-----------|-----------|--------|-----------|-------------|--------------|
|  | 2022                   |           |           |        |           |             |              |
|  | Segments               |           |           | Other  | Total     | Adjustments | Consolidated |
| Solution Systems   | Components & Platforms | Subtotal  |           |        |           |             |              |
| <b>For the year ended March 31</b>                           |                        |           |           |        |           |             |              |
| 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     |

|  | Thousands of U.S. dollars |              |              |          |              |             |              |
|--|---------------------------|--------------|--------------|----------|--------------|-------------|--------------|
|  | 2023                      |              |              |          |              |             |              |
|  | Segments                  |              |              | Other    | Total        | Adjustments | Consolidated |
| Solution Systems   | Components & Platforms    | Subtotal     |              |          |              |             |              |
| <b>For the year ended March 31</b>                           |                           |              |              |          |              |             |              |
| Sales to third parties                                       | \$ 1,348,586              | \$ 1,422,593 | \$ 2,771,187 | \$ 3,962 | \$ 2,775,157 | —           | \$ 2,775,157 |
| Inter-segment sales and transfers                            | 6,751                     | 30,413       | 37,165       | 90,097   | 127,270      | (127,270)   | —            |
| Net sales  | 1,355,345                 | 1,453,015    | 2,808,360    | 94,067   | 2,902,428    | (127,270)   | 2,775,157    |
| Operating income (loss)                                      | 63,676                    | (857)        | 62,819       | 3,225    | 66,045       | (47,977)    | 18,067       |
| Total assets   | 1,032,601                 | 1,403,375    | 2,435,977    | 67,060   | 2,503,037    | 432,481     | 2,935,526    |
| Depreciation and amortization                                | 22,834                    | 50,060       | 72,894       | 1,834    | 74,736       | 10,308      | 85,052       |
| Investments in equity-method affiliates                      | 7,699                     | —            | 13,804       | —        | 13,804       | —           | 13,804       |
| Increase in property, plant, equipment and intangible assets | \$ 44,187                 | \$ 76,127    | \$ 120,323   | \$ 3,421 | \$ 123,744   | \$ 17,413   | \$ 141,157   |

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 |
|--|-----------------|-----------|---------------------------|
|  | 2023            | 2022      | 2023                      |
| Operating income (loss)                  |                 |           |                           |
| Elimination of intersegment transactions | ¥ 350           | ¥ 145     | \$ 2,631                  |
| Corporate expense*                       | (6,625)         | (7,460)   | (49,812)                  |
| Fixed asset adjustment                   | (106)           | (195)     | (796)                     |
| Total                                    | ¥ (6,381)       | ¥ (7,511) | \$ (47,977)               |

\* 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 |
|--|-----------------|------------|---------------------------|
|  | 2023            | 2022       | 2023                      |
| Total assets                             |                 |            |                           |
| Elimination of intersegment transactions | ¥ (90,540)      | ¥ (84,926) | \$ (680,751)              |
| Corporate assets*                        | 149,658         | 148,073    | 1,125,248                 |
| Fixed asset adjustment                   | (1,597)         | (1,491)    | (12,007)                  |
| Total                                    | ¥ 57,520        | ¥ 61,655   | \$ 432,481                |

\* 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 |
|---|-----------------|---------|---------------------------|
|   | 2023            | 2022    | 2023                      |
| Depreciation and amortization             |                 |         |                           |
| Depreciation expense for corporate assets | ¥ 1,631         | ¥ 1,516 | \$ 12,263                 |
| Fixed asset adjustment                    | (259)           | (237)   | (1,947)                   |
| Total                                     | ¥ 1,371         | ¥ 1,278 | \$ 10,308                 |

|  | Millions of yen |         | Thousands of U.S. dollars |
|--|-----------------|---------|---------------------------|
|  | 2023            | 2022    | 2023                      |
| Increase in property, plant, equipment and intangible assets |                 |         |                           |
| Corporate assets   | ¥ 2,679         | ¥ 7,741 | \$ 20,142                 |
| Fixed asset adjustment                                       | (363)           | (467)   | (2,729)                   |
| Total  | ¥ 2,316         | ¥ 7,274 | \$ 17,413                 |

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, 2023 and 2022 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 |
|---------------|-----------------|-----------|---------------------------|
|               | 2023            | 2022      | 2023                      |
| Japan         | ¥ 308,125       | ¥ 297,184 | \$ 2,316,729              |
| Europe        | 25,435          | 24,386    | 191,240                   |
| Asia          | 23,288          | 17,524    | 175,097                   |
| North America | 7,965           | 8,144     | 59,887                    |
| Other         | 4,281           | 4,825     | 32,187                    |
| Total         | ¥ 369,096       | ¥ 352,064 | \$ 2,775,157              |

Notes: 1. Sales are classified as country or region based on the customer's location.

2. The classification of presentation was changed in the current consolidated fiscal year, and the classification of the previous consolidated fiscal year has been reclassified after the change.

(ii) Tangible fixed assets

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 |
|------------------------|-----------------|---------|---------------------------|
|                        | 2023            | 2022    | 2023                      |
| Solution Systems       | —               | —       | —                         |
| Components & Platforms | —               | 971     | —                         |
| Company-wide           | —               | 173     | —                         |
| Total                  | *—              | ¥ 1,144 | —                         |

\* Year ended March 31, 2023, the disclosure is omitted due to immateriality.

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

Year ended March 31, 2022

The disclosure is omitted due to immateriality.

Year ended March 31, 2023

The disclosure is omitted due to immateriality.

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

Year ended March 31, 2022

Not applicable

Year ended March 31, 2023

The disclosure is omitted due to immateriality.

19. AMOUNTS PER SHARE

|                                   | Yen        |            | U.S. dollars |
|-----------------------------------|------------|------------|--------------|
|                                   | 2023       | 2022       | 2023         |
| Net assets per share              | ¥ 1,143.96 | ¥ 1,240.62 | \$ 8.60      |
| Basic earnings (losses) per share | ¥ (32.33)  | ¥ 23.85    | \$ (0.24)    |
| Diluted earnings per share        | —          | ¥ 23.81    | —            |

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

\*2 Basic and diluted earnings per share were calculated on the basis of the following data.

|  | Millions of yen |         | Thousands of U.S. dollars |
|--|-----------------|---------|---------------------------|
|  | 2023            | 2022    | 2023                      |
| Basic earnings (losses) per share  |                 |         |                           |
| Profit (loss) attributable to owners of parent   | ¥ (2,800)       | ¥ 2,065 | \$ (21,052)               |
| Amounts not attributable to common stock   | —               | —       | —                         |
| Profit (loss) attributable to owners of parent related to common stock   | ¥ (2,800)       | ¥ 2,065 | \$ (21,052)               |
| Weighted-average number of shares of common stock during the period (thousand shares)  | 86,619          | 86,600  |                           |
| 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 | —               | —       |                           |

\*3 Net assets per share were calculated on the basis of the following data.

|   | Millions of yen |           | Thousands of U.S. dollars |
|---|-----------------|-----------|---------------------------|
|   | 2023            | 2022      | 2023                      |
| Total net assets  | ¥ 99,279        | ¥ 107,635 | \$ 746,458                |
| Amounts deducted from total net assets  |                 |           |                           |
| (Subscription rights to shares)   | ¥ 191           | ¥ 198     | \$ 1,436                  |
| (Non-controlling interests)   | ¥ (121)         | ¥ (138)   | \$ (909)                  |
| (Non-controlling interests)   | ¥ (69)          | ¥ (60)    | \$ (518)                  |
| Net assets at the year end to common stock  | ¥ 99,088        | ¥ 107,437 | \$ 745,022                |
| Common stock at the year end used to calculated of the net assets per share (thousand shares) | 86,618          | 86,599    |                           |

20. CONSOLIDATED SUPPLEMENTARY SCHEDULES

1) Schedule of company bonds

Not applicable

2) Schedule of borrowings, etc

|                                      | Millions of yen           |                           |                       |                 | Thousands of U.S. dollars |                           |
|--------------------------------------|---------------------------|---------------------------|-----------------------|-----------------|---------------------------|---------------------------|
|                                      | 2023                      |                           |                       |                 | 2023                      |                           |
|                                      | Balance at March 31, 2022 | Balance at March 31, 2023 | Average interest rate | Term of payment | Balance at March 31, 2022 | Balance at March 31, 2023 |
| Short-term borrowings                | ¥ 22,287                  | ¥ 67,294                  | 1.7%                  | —               | \$ 167,571                | \$ 505,969                |
| Long-term borrowings (Within 1 year) | 21,050                    | 19,420                    | 1.2                   | —               | 158,270                   | 146,015                   |
| Lease obligations (Within 1 year)    | 3,912                     | 3,758                     | —                     | —               | 29,413                    | 28,255                    |
| Long-term borrowings (Over 1 year)   | 43,838                    | 31,268                    | 1.2                   | 2024~2028       | 329,609                   | 235,097                   |
| Lease obligations (Over 1 year)      | 9,740                     | 6,905                     | —                     | 2024~2033       | 73,233                    | 51,917                    |
| Total                                | ¥ 100,827                 | ¥ 128,646                 | —                     | —               | \$ 758,097                | \$ 967,263                |

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 |                       |                       |                       |
|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------|-----------------------|-----------------------|-----------------------|
|                      | 2023                  |                       |                       |                       | 2023                      |                       |                       |                       |
|                      | 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 | ¥ 14,426              | ¥ 9,094               | ¥ 6,378               | ¥ 1,370               | \$ 108,466                | \$ 68,375             | \$ 47,954             | \$ 10,300             |
| Lease obligations    | 3,046                 | 2,049                 | 978                   | 388                   | 22,902                    | 15,406                | 7,353                 | 2,917                 |

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.