

(Translation)

Summary of Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2025 (J-GAAP)

November 7, 2024

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

Securities Code: 6703

Stock Exchange Listing: Tokyo Stock Exchange

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

Representative: Takahiro Mori, Representative Director, Chief Executive Officer

Contact: Youji Takahashi, General Manager, Investor Relations

TEL: +81-3-5635-8212

Scheduled date to file semi-annual securities report: November 14, 2024

Scheduled date to commence dividend payments: –

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for institutional investors)

(Amounts less than one million yen have been truncated)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024

(from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	197,664	13.0	6,156	513.4	4,471	835.0	2,380	736.5
September 30, 2023	174,852	7.4	1,003	–	478	–	284	–

(Note) Comprehensive income Six months ended September 30, 2024: ¥403 million ((92.8%))
Six months ended September 30, 2023: ¥5,598 million (–%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	27.45	27.43
September 30, 2023	3.28	3.28

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	414,927	139,111	33.5
As of March 31, 2024	423,399	141,314	33.3

(Reference) Shareholders' equity As of September 30, 2024: ¥138,992 million
As of March 31, 2024: ¥141,174 million

2. Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	0.00	–	30.00	30.00
Fiscal year ending March 31, 2025	–	0.00			
Fiscal year ending March 31, 2025 (Projection)			–	30.00	30.00

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

3. Consolidated Results Projection for the Fiscal Year Ending March 31, 2025
(from April 1, 2024 to March 31, 2025)

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	460,000	9.0	16,000	(14.4)	14,500	(20.7)	9,500	(63.0)	109.61

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

Notes:

- (1) Significant changes in the scope of consolidation during the period: None
Newly included: - companies (Company name)
Excluded: - companies (Company name)
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatements
 - 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - 2) Changes in accounting policies due to other reasons: None
 - 3) Changes in accounting estimates: None
 - 4) Restatements: None

(Note) For details, please refer to “(4)Notes to Consolidated Financial Statements (Notes on Changes in Accounting Policies)” of “2. Consolidated Financial Statements and Significant Notes Thereto” on page 10 of the Attachment.

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of September 30, 2024	87,217,602 shares
As of March 31, 2024	87,217,602 shares

2) Number of treasury shares at the end of the period

As of September 30, 2024	506,793 shares
As of March 31, 2024	542,144 shares

3) Average number of shares during the period

Six months ended September 30, 2024	86,703,578 shares
Six months ended September 30, 2023	86,669,469 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Warning on forward-looking statements)

The forward-looking statements including the projection for the financial results contained in this document are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable, and actual results may differ from such statements due to a variety of factors. For the conditions assumed for the results projection and notes on the use of such projections, please refer to “(3) Forward-Looking Statements Including Projection for Consolidated Operating Results and Other” of “1. Operating Results” on page 4 of the Attachment.

(How to obtain supplementary document on financial results)

The Company is scheduled to hold a financial results briefing for institutional investors on November 7, 2024 (Thursday). The document on financial results is disclosed on TDNet at the same time as this Summary of Consolidated Financial Results and is also made available on the Company’s website on the same day.

Contents of the Attachment

1. Operating Results.....	2
(1) Overview of Operating Results for the Period.....	2
(2) Overview of Financial Position for the Period.....	4
(3) Forward-Looking Statements Including Projection for Consolidated Operating Results and Other.....	5
2. Interim Consolidated Financial Statements and Significant Notes Thereto.....	6
(1) Interim Consolidated Balance Sheets	6
(2) Interim Consolidated Statements of Income and Comprehensive Income	7
Interim Consolidated Statements of Income	
(For the Six Months Ended September 30, 2023 and 2024)	7
Interim Consolidated Statements of Comprehensive Income	
(For the Six Months Ended September 30, 2023 and 2024)	8
(3) Interim Consolidated Statements of Cash Flows	9
(4) Notes to Interim Consolidated Financial Statements.....	10
(Notes on Changes in Accounting Policies).....	10
(Notes on Segment Information).....	11
(Notes on Significant Changes in Shareholders' Equity)	11
(Notes on Going Concern Assumption).....	11

1. Operating Results

(1) Overview of Operating Results for the Period

1) Overview of the first half of the fiscal year ending March 31, 2025 (April 1, 2024 to September 30, 2024)

The Japanese economy has been on a moderate recovery trend due to the effects of various government policies, with improvements in employment and the income situation. On the other hand, the outlook remains uncertain due to factors such as rising prices resulting from soaring resource prices, sharp exchange rate fluctuations, and the stagnation of the Chinese economy.

In this environment, OKI's vision for 2031, the 150th anniversary of the Company's founding, is to provide value that leads to the resolution of social issues as a company that does not stop and contribution to the maintenance of social infrastructure in the three fields of contribution: safe and convenient social infrastructure, job satisfaction and productivity enhancement, and conservation of the global environment. In order to realize OKI's vision, we have started the Medium-Term Business Plan 2025, covering the period from FY2023 through FY2025. In the current fiscal year, the second year of Medium-Term Business Plan 2025, we are accelerating cultural transformation and style change to further steer the Company toward growth.

Net sales for the first half (interim period) of the fiscal year ending March 31, 2025 reached ¥197.7 billion (a year-on-year increase of ¥22.8 billion, or 13.0%), mainly due to the steady reaping of large projects that have continued since the second half of the previous fiscal year.

Operating income was ¥6.2 billion (a year-on-year improvement of ¥5.2 billion, or 513.4%), mainly due to the positive impact of increased sales and the elimination of the impact of increased parts and materials costs in the same period of the previous fiscal year.

Ordinary income was ¥4.5 billion (a year-on-year improvement of ¥4.0 billion, or 835.0%), despite a deterioration in terms of foreign exchange gains/losses, while profit attributable to owners of parent was ¥2.4 billion (a year-on-year improvement of ¥2.1 billion, or 736.5%).

(Billions of yen)	Six months ended September 30, 2024	Six months ended September 30, 2023	Year-on-year change rate
Net sales	197.7	174.9	13.0 %
Operating income (loss)	6.2	1.0	513.4 %
Ordinary income (loss)	4.5	0.5	835.0 %
Profit (loss) attributable to owners of parent	2.4	0.3	736.5 %

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

2) Results by business segment

<Public Solutions>

Segment net sales were ¥41.3 billion (a year-on-year increase of ¥2.0 billion, or 5.1%). The operating loss amounted to ¥0.5 billion (an improvement of ¥0.3 billion year-on-year). The net sales increase owed to an uptick in road and defense-related projects, while the operating loss also improved. In addition, orders received during the year remained robust.

(Billions of yen)	Six months ended September 30, 2024	Six months ended September 30, 2023	Year-on-year change rate
Net sales	41.3	39.3	5.1 %
Operating income(loss)	(0.5)	(0.8)	—

<Enterprise Solutions>

Segment net sales were ¥87.1 billion (a year-on-year increase of ¥23.2 billion, or 36.2%) and operating income was ¥11.3 billion (a year-on-year increase of ¥7.4 billion, or 190.7%). These significant improvements, continuing from the first quarter, owed to the continuation of large-scale projects from the second half of the fiscal year ended March 31, 2024 and the elimination of the impact of increased material costs in its first half.

(Billions of yen)	Six months ended September 30, 2024	Six months ended September 30, 2023	Year-on-year change rate
Net sales	87.1	63.9	36.2 %
Operating income(loss)	11.3	3.9	190.7 %

<Component Products>

Segment net sales were ¥36.7 billion (a year-on-year increase of ¥1.8 billion, or 5.0%) and operating income was ¥0.9 billion (a year-on-year increase of ¥0.4 billion, or 100.7%). Net sales increased due to growth in OEM sales and foreign exchange rate effects, while operating income increased as a result of cost-cutting measures and other factors.

(Billions of yen)	Six months ended September 30, 2024	Six months ended September 30, 2023	Year-on-year change rate
Net sales	36.7	34.9	5.0 %
Operating income(loss)	0.9	0.5	100.7 %

<EMS>

Segment net sales were ¥32.4 billion (a year-on-year decrease of ¥4.1 billion, or 11.1%). The operating loss amounted to ¥1.0 billion (a deterioration of ¥1.9 billion year-on-year). These declines in sales and profit, continuing from the first quarter, owed to the ongoing decline in demand in the semiconductor market and the FA and robot markets since the second half of the previous fiscal year.

(Billions of yen)	Six months ended September 30, 2024	Six months ended September 30, 2023	Year-on-year change rate
Net sales	32.4	36.5	(11.1) %
Operating income(loss)	(1.0)	0.9	–

<Others>

Net sales were ¥0.2 billion (flat year-on-year, or a decrease of 16.0%), and there was an operating loss of ¥0.8 billion (a year-on-year loss expansion of ¥0.4 billion) due to ongoing investments essential for growth, including research and development aimed at creating future businesses.

(Billions of yen)	Six months ended September 30, 2024	Six months ended September 30, 2023	Year-on-year change rate
Net sales	0.2	0.2	(16.0) %
Operating income(loss)	(0.8)	(0.4)	–

(2) Overview of Financial Position for the Period

1) Assets, liabilities, net assets, etc., at the end of the first half of the fiscal year ending March 31, 2025

Total assets as of September 30, 2024 decreased by ¥8.5 billion from the end of the previous fiscal year to ¥414.9 billion. Shareholders' equity decreased by ¥2.2 billion from the end of the previous fiscal year to ¥139.0 billion, mainly due to the recording of ¥2.4 billion in profit attributable to owners of parent, offset by a ¥2.0 billion decrease in accumulated other comprehensive income and the payment of ¥2.6 billion in ordinary dividends. As a result, the shareholders' equity ratio was 33.5%.

Major changes in assets included a decrease of ¥26.2 billion in notes and accounts receivable—trade and contract assets and an increase of ¥20.1 billion in inventories.

In terms of liabilities, borrowings primarily fell ¥6.4 billion from ¥110.0 billion as of March 31, 2024 to ¥103.6 billion.

2) Cash flow for the first half of the fiscal year ending March 31, 2025

For the period under review, net cash provided by operating activities amounted to ¥15.4 billion (versus ¥1.0 billion of cash outflow in the same period of the previous fiscal year), primarily due to a decrease in working capital.

Net cash used in investing activities came to ¥8.3 billion (versus ¥10.2 billion of cash outflow), mainly because of purchases of property, plant, and equipment.

As a result, free cash flow (operating cash flow plus investing cash flow) amounted to an inflow of ¥7.1 billion (compared with an outflow of ¥11.2 billion in the same period of the previous fiscal year).

Net cash used in financing activities was ¥10.1 billion (compared with a cash inflow of ¥1.1 billion in the same period of the previous fiscal year), mainly due to repayment of loans payable.

Owing to these factors, plus the ¥0.5 billion negative impact of exchange rate changes on cash and cash equivalents, the balance of cash and cash equivalents at the end of the first half of the fiscal year ending March 31, 2025 amounted to ¥30.9 billion, down from ¥34.4 billion at the end of the previous fiscal year.

- (3) Forward-Looking Statements Including Projection for Consolidated Operating Results and Other
Segment-level performance forecasts have been revised to reflect performance trends during this interim consolidated period, but the full-year consolidated results projection for the fiscal year ending March 31, 2025, has not been revised from the initial forecast announced on May 9, 2024. In the event that a significant deviation from the figures in the plan is observed, the Company will promptly disclose this after having examined factors such as future exchange rate fluctuations and market trends.

(Reference)

Full-year consolidated results projection for the fiscal year ending March 31, 2025
(from April 1, 2024 to March 31, 2025)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Previous projection (A)	460.0	16.0	14.5	9.5
Current projection (B)	460.0	16.0	14.5	9.5
Amount change (B – A)	-	-	-	-
Percentage change (%)	-	-	-	-
(Reference) Actual results for the fiscal year ended March 31, 2024	421.9	18.7	18.3	25.6

(Billions of yen)		FY2024 Revised	FY2024 Previous	Change
Public Solutions	Net sales	135.0	135.0	-
	Operating income	10.5	10.5	-
Enterprise Solutions	Net sales	178.0	170.0	8.0
	Operating income	15.0	12.5	2.5
Component Products	Net sales	75.0	75.0	-
	Operating income	1.5	1.5	-
EMS	Net sales	72.0	80.0	(8.0)
	Operating income	1.0	2.5	(1.5)
Others	Net sales	0.0	0.0	-
	Operating income	(1.8)	(1.8)	-
Elimination/corporate	Operating income	(10.2)	(9.2)	(1.0)
Total	Net sales	460.0	460.0	-
	Operating income	16.0	16.0	-

(Warning on forward-looking statements)

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

2 Interim Consolidated Financial Statements and Significant Notes Thereto

(1) Interim Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	35,044	31,549
Notes and accounts receivable - trade, and contract assets	114,115	87,928
Finished goods	17,981	28,103
Work in process	17,380	25,601
Raw materials and supplies	35,409	37,205
Other	19,776	18,917
Allowance for doubtful accounts	(19)	(58)
Total current assets	239,687	229,247
Non-current assets		
Property, plant and equipment	60,569	59,675
Intangible assets	15,924	16,143
Investments and other assets	107,218	109,860
Total non-current assets	183,711	185,679
Total assets	423,399	414,927
Liabilities		
Current liabilities		
Notes and accounts payable - trade	64,030	75,464
Short-term borrowings	60,012	62,601
Provisions	6,346	5,839
Other	57,980	48,889
Total current liabilities	188,369	192,795
Non-current liabilities		
Long-term borrowings	50,017	41,045
Provisions	1,339	1,079
Retirement benefit liability	27,887	27,252
Other	14,471	13,643
Total non-current liabilities	93,715	83,020
Total liabilities	282,084	275,815
Net assets		
Shareholders' equity		
Share capital	44,000	44,000
Capital surplus	18,960	18,940
Retained earnings	73,622	73,402
Treasury shares	(761)	(712)
Total shareholders' equity	135,820	135,629
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,069	7,424
Deferred gains or losses on hedges	(10)	(72)
Foreign currency translation adjustment	(7,020)	(7,015)
Remeasurements of defined benefit plans	3,315	3,025
Total accumulated other comprehensive income	5,353	3,363
Share acquisition rights	73	44
Non-controlling interests	65	74
Total net assets	141,314	139,111
Total liabilities and net assets	423,399	414,927

(2) Interim Consolidated Statements of Income and Comprehensive Income
(Interim Consolidated Statements of Income)
(For the Six Months Ended September 30, 2023 and 2024)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	174,852	197,664
Cost of sales	135,315	146,895
Gross profit	39,536	50,768
Selling, general and administrative expenses	38,532	44,611
Operating profit	1,003	6,156
Non-operating income		
Interest income	299	513
Dividend income	787	846
Miscellaneous income	743	256
Total non-operating income	1,830	1,616
Non-operating expenses		
Interest expenses	1,076	1,109
Foreign exchange losses	—	892
Miscellaneous expenses	1,279	1,299
Total non-operating expenses	2,355	3,301
Ordinary profit	478	4,471
Extraordinary losses		
Loss on disposal of non-current assets	1,197	—
Extra retirement payments	—	570
Total extraordinary losses	1,197	570
Profit (loss) before income taxes	(718)	3,901
Income taxes - current	827	710
Income taxes - deferred	(1,840)	801
Total income taxes	(1,013)	1,511
Profit	294	2,389
Profit attributable to non-controlling interests	10	9
Profit attributable to owners of parent	284	2,380

(Interim Consolidated Statements of Comprehensive Income)
(For the Six Months Ended September 30, 2023 and 2024)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	294	2,389
Other comprehensive income		
Valuation difference on available-for-sale securities	4,288	(1,643)
Deferred gains or losses on hedges	136	(61)
Foreign currency translation adjustment	1,013	8
Remeasurements of defined benefit plans, net of tax	(134)	(289)
Share of other comprehensive income of entities accounted for using equity method	—	(1)
Total other comprehensive income	5,303	(1,986)
Comprehensive income	5,598	403
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,585	389
Comprehensive income attributable to non-controlling interests	13	13

(3) Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	(718)	3,901
Depreciation	6,587	7,223
Increase (decrease) in provisions	(9,049)	(709)
Interest and dividend income	(1,087)	(1,359)
Interest expenses	1,076	1,109
Decrease (increase) in trade receivables	14,661	23,853
Decrease (increase) in inventories	(7,253)	(20,452)
Increase (decrease) in trade payables	(10,196)	7,021
Other, net	4,080	(3,823)
Subtotal	(1,898)	16,765
Interest and dividends received	870	922
Interest paid	(1,043)	(1,163)
Income taxes refund (paid)	1,039	(1,140)
Net cash provided by (used in) operating activities	(1,033)	15,384
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,482)	(4,826)
Purchase of intangible assets	(2,222)	(2,704)
Purchase of long-term prepaid expenses	(656)	(1,148)
Other payments	(49)	(206)
Other proceeds	221	590
Net cash provided by (used in) investing activities	(10,189)	(8,295)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(7,550)	6,000
Proceeds from long-term borrowings	22,250	—
Repayments of long-term borrowings	(9,710)	(11,638)
Dividends paid	(1,722)	(2,583)
Repayments of lease liabilities	(2,238)	(1,932)
Other, net	66	44
Net cash provided by (used in) financing activities	1,095	(10,108)
Effect of exchange rate change on cash and cash equivalents	1,385	(498)
Net increase (decrease) in cash and cash equivalents	(8,741)	(3,519)
Cash and cash equivalents at beginning of period	37,498	34,422
Cash and cash equivalents at end of period	28,756	30,903

(4) Notes to Interim Consolidated Financial Statements

(Notes on Changes in Accounting Policies)

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter, “2022 Revised Accounting Standard”) has been applied from the beginning of the first half of the current fiscal year.

With regard to the revision of the classification of corporate income taxes (taxation on other comprehensive income), the Company adheres to the transitional treatment stipulated in the provisory clause of Paragraph 20-3 of the 2022 Revised Accounting Standard, as well as that in the provisory clause of Paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28; hereinafter referred to as the “2022 Revised Guidance”). This change in accounting policy has no impact on the interim consolidated financial statements.

Additionally, with regard to the revision related to the treatment in consolidated financial statements of gains or losses arising from the sale of subsidiary shares between consolidated companies, which may be deferred for tax purposes, the Company has applied the 2022 Revised Guidance from the beginning of the first half of the fiscal year ending March 31, 2025. This change in accounting policy has been applied retrospectively. As a result, the interim consolidated financial statements and consolidated financial statements for the previous interim period and the previous fiscal year have been restated to reflect this change. This change in accounting policy has no effect on the interim consolidated financial statements for the previous interim period or the consolidated financial statements for the previous fiscal year.

(Notes on Segment Information)

I First half of the fiscal year ended March 31, 2024 (From April 1, 2023 to September 30, 2023)

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

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded on interim consolidated statements of income (Note 3)
	Public Solutions	Enterprise Solutions	Component Products	EMS	Total				
Net sales									
Net sales to external Customers	39,317	63,935	34,925	36,467	174,646	205	174,852	—	174,852
Intersegment net sales or transfers	1,189	171	2,780	287	4,429	4,487	8,916	(8,916)	—
Total	40,507	64,107	37,705	36,754	179,075	4,693	183,768	(8,916)	174,852
Segment income (loss)	(840)	3,885	450	893	4,389	(446)	3,942	(2,938)	1,003

Notes: 1. "Others" consists of businesses not included in the reportable segments, such as provision of services, etc.

2. The ¥(2,938) million adjustment to segment income or loss includes the elimination of intersegment transactions of ¥160 million, corporate expenses not allocated to each reportable segment of ¥(3,134) million, and an adjustment to fixed assets of ¥35 million. Corporate expenses consist mainly of general and administrative expenses and R&D expenses that are not attributable to the reportable segments.

3. Segment income or loss is adjusted with operating loss recorded on the interim consolidated statements of income.

II First half of the fiscal year ending March 31, 2025 (From April 1, 2024 to September 30, 2024)

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

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded on interim consolidated statements of income (Note 3)
	Public Solutions	Enterprise Solutions	Component Products	EMS	Total				
Net sales									
Net sales to external Customers	41,337	87,057	36,675	32,422	197,491	172	197,664	—	197,664
Intersegment net sales or transfers	912	173	3,124	289	4,499	5,087	9,586	(9,586)	—
Total	42,249	87,230	39,799	32,711	201,991	5,260	207,251	(9,586)	197,664
Segment income (loss)	(537)	11,294	904	(989)	10,672	(776)	9,896	(3,739)	6,156

Notes: 1. "Others" consists of businesses not included in the reportable segments, such as provision of services, etc.

2. The ¥(3,739) million adjustment to segment income or loss includes the elimination of intersegment transactions of ¥247 million, corporate expenses not allocated to each reportable segment of ¥(4,001) million, and an adjustment to fixed assets of ¥14 million. Corporate expenses consist mainly of general and administrative expenses and R&D expenses that are not attributable to the reportable segments.

3. Segment income or loss is adjusted with operating loss recorded on the interim consolidated statements of income.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable

(Notes on Going Concern Assumption)

Not applicable