

(Translation)

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

February 6, 2025

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

Securities Code: 6703

Stock Exchange Listing: Tokyo Stock Exchange

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

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Commencement of Dividend Payment (Scheduled): –

Supplementary Document on Quarterly Financial Results: Yes

Quarterly Financial Results Briefing: Yes (for institutional investors)

(Amounts less than one million yen have been truncated)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024

(from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentage figures indicate year-on-year change)

	(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	%
Nine months ended								
December 31, 2024	307,000	7.1	7,631	30.6	5,624	17.5	1,975	(1.2)
December 31, 2023	286,642	11.7	5,842	—	4,787	—	1,999	—

	200,512	117	5,312	
(Note) Comprehensive income	Nine months ended December 31, 2024: ¥(180) million (-%) Nine months ended December 31, 2023: ¥8,790 million (-%)			

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	22.79	22.77
December 31, 2023	23.08	23.05

(2) Consolidated financial position

(2) Consolidated financial position			
	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	422,840	138,527	32.7
As of March 31, 2024	423,399	141,314	33.3

(Reference) Shareholders' equity	As of December 31, 2024: ¥138,398 million As of March 31, 2024: ¥141,174 million
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2. Dividends

2. Dividends					
	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Fiscal year ended March 31, 2024	Yen —	Yen 0.00	Yen —	Yen 30.00	Yen 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	453,000	7.4	16,000	(14.4)	14,500	(20.7)	9,500	(63.0)
								109.61

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

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 December 31, 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 December 31, 2024	507,165 shares
As of March 31, 2024	542,144 shares

3) Average number of shares during the period

Nine months ended December 31, 2024	86,705,895 shares
Nine months ended December 31, 2023	86,671,691 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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 February 6, 2025 (Thursday). The document on financial results is disclosed on TDNet at the same time as this Summary of Consolidated Financial Results and is also made available on the Company’s website on the same day.

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1. Operating Results

(1) Overview of Operating Results for the Period

1) Overview of the first nine months of the fiscal year ending March 31, 2025 (April 1, 2024 to December 31, 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 nine months of the fiscal year ending March 31, 2025 were ¥307.0 billion (a year-on-year increase of ¥20.4 billion, or 7.1%), mainly due to the steady reaping of large projects in the first half.

In terms of profit, operating income was ¥7.6 billion (a year-on-year increase of ¥1.8 billion, or 30.6%), supported by the sustained robust performance of large-scale projects in Enterprise Solutions since the second half of the previous fiscal year, as well as the steady progress of Public Solutions, which is the focus of this fiscal year, heading into the fourth quarter.

Ordinary income was ¥5.6 billion (a year-on-year increase of ¥0.8 billion, or 17.5%), despite a deterioration in terms of foreign exchange gains/losses, while profit attributable to owners of parent was ¥2.0 billion (a year-on-year decrease of 1.2%).

(Billions of yen)	Nine months ended December 31, 2024	Nine months ended December 31, 2023	Year-on-year change rate
Net sales	307.0	286.6	7.1 %
Operating income	7.6	5.8	30.6 %
Ordinary income	5.6	4.8	17.5 %
Profit attributable to owners of parent	2.0	2.0	(1.2) %

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

2) Results by business segment

<Public Solutions>

Net sales were ¥70.3 billion (a year-on-year increase of ¥6.5 billion, or 10.1%) and operating income was ¥2.7 billion (a year-on-year increase of ¥2.1 billion, or 380.2%). Net sales and operating income increased due to key projects in areas such as firefighting, disaster preparedness, road, and defense. In addition, orders received during the fiscal year remained robust.

(Billions of yen)	Nine months ended December 31, 2024	Nine months ended December 31, 2023	Year-on-year change rate
Net sales	70.3	63.8	10.1 %
Operating income(loss)	2.7	0.6	380.2 %

<Enterprise Solutions>

Net sales were ¥132.4 billion (a year-on-year increase of ¥16.9 billion, or 14.7%) and operating income was ¥11.8 billion (a year-on-year increase of ¥1.3 billion, or 11.7%). Both net sales and operating income increased due to the continuation of large-scale projects from the second half of the previous fiscal year and the elimination of the impact of increased material costs in the same period of the previous fiscal year.

(Billions of yen)	Nine months ended December 31, 2024	Nine months ended December 31, 2023	Year-on-year change rate
Net sales	132.4	115.5	14.7 %
Operating income(loss)	11.8	10.5	11.7 %

<Component Products>

Net sales were ¥55.8 billion (a year-on-year increase of ¥2.4 billion, or 4.5%), and operating income was ¥2.1 billion (a year-on-year improvement of ¥2.4 billion). Net sales increased due to growth in OEM sales and foreign exchange rate effects, and operating income improved due to changes in product mix, cost-cutting measures, and other factors.

(Billions of yen)	Nine months ended December 31, 2024	Nine months ended December 31, 2023	Year-on-year change rate
Net sales	55.8	53.4	4.5 %
Operating income(loss)	2.1	(0.3)	—

<EMS>

Net sales were ¥48.1 billion (a year-on-year decrease of ¥5.5 billion, or 10.2%) and operating loss was ¥1.6 billion (a year-on-year deterioration of ¥2.4 billion). Net sales decreased due 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, and operating income also deteriorated.

(Billions of yen)	Nine months ended December 31, 2024	Nine months ended December 31, 2023	Year-on-year change rate
Net sales	48.1	53.6	(10.2) %
Operating income(loss)	(1.6)	0.8	—

<Others>

Net sales were ¥0.3 billion (flat year-on-year), and there was an operating loss of ¥1.0 billion (a year-on-year loss expansion of ¥0.3 billion) due to ongoing investments essential for growth, including research and development aimed at creating future businesses.

(Billions of yen)	Nine months ended December 31, 2024	Nine months ended December 31, 2023	Year-on-year change rate
Net sales	0.3	0.3	(2.9) %
Operating income(loss)	(1.0)	(0.7)	—

(2) Overview of Financial Position for the Period

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

As of December 31, 2024, total assets were ¥422.8 billion, down ¥0.6 billion from the end of the previous fiscal year. Shareholders' equity decreased ¥2.8 billion from the end of the previous fiscal year to ¥138.4 billion, mainly due to the recording of ¥2.0 billion in profit attributable to owners of parent, a ¥2.2 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 32.7%.

Major changes in assets included a decrease of ¥17.3 billion in notes and accounts receivable—trade and contract assets and a decrease of ¥5.6 billion in investment securities, while inventories increased by ¥22.6 billion.

In terms of liabilities, borrowings mainly increased, and totaled ¥118.8 billion, an increase of ¥8.8 billion from ¥110.0 billion at the end of the previous fiscal year.

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

For the period, net cash provided through operating activities amounted to ¥3.5 billion (compared with ¥1.3 billion in the same period of the previous fiscal year), mainly due to the recording of pre-tax profit.

Net cash used in investing activities came to ¥10.2 billion (versus ¥13.1 billion in the same period of the previous fiscal year), 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 outflow of ¥6.7 billion (versus ¥11.8 billion in the same period of the previous fiscal year).

Net cash provided by financing activities was ¥2.8 billion (compared with ¥2.7 billion in the same period of the previous fiscal year). Proceeds from borrowings were the main source of cash.

Owing to these factors, plus the ¥0.6 billion positive impact of exchange rate changes on cash and cash equivalents, the balance of cash and cash equivalents at the end of the third quarter of the fiscal year ending March 31, 2025, amounted to ¥31.2 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
(Warning on forward-looking statements)

We have revised our full-year consolidated results projection for the fiscal year ending March 31, 2025, incorporating the current business environment and performance trends of each business, and now forecast net sales of ¥453.0 billion (down ¥7.0 billion from the previously announced figure). A breakdown of these revisions by segment can be found below.

(Reference)

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

	(Billion yen)			
	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)	453.0	16.0	14.5	9.5
Amount change (B – A)	(7.0)	-	-	-
Percentage change (%)	(1.5)	-	-	-
(Reference) Actual results for the fiscal year ended March 31, 2024	421.9	18.7	18.3	25.6

		(Billion yen)		
(Billions of yen)		FY2024 Revised	FY2024 Previous	Change
Public Solutions	Net sales	132.0	135.0	(3.0)
	Operating income	11.0	10.5	0.5
Enterprise Solutions	Net sales	178.0	178.0	-
	Operating income	15.0	15.0	-
Component Products	Net sales	76.0	75.0	1.0
	Operating income	2.0	1.5	0.5
EMS	Net sales	67.0	72.0	(5.0)
	Operating income	0.0	1.0	(1.0)
Others	Net sales	0.0	0.0	-
	Operating income	(1.8)	(1.8)	-
Elimination/corporate	Operating income	(10.2)	(10.2)	-
Total	Net sales	453.0	460.0	(7.0)
	Operating income	16.0	16.0	-

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

2. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	35,044	31,880
Notes and accounts receivable - trade, and contract assets	114,115	96,828
Finished goods	17,981	22,764
Work in process	17,380	35,862
Raw materials and supplies	35,409	34,736
Other	19,776	18,579
Allowance for doubtful accounts	(19)	(53)
Total current assets	239,687	240,599
Non-current assets		
Property, plant and equipment	60,569	60,616
Intangible assets	15,924	17,375
Investments and other assets	107,218	104,249
Total non-current assets	183,711	182,240
Total assets	423,399	422,840
Liabilities		
Current liabilities		
Notes and accounts payable - trade	64,030	68,162
Short-term borrowings	60,012	73,050
Provisions	6,346	5,009
Other	57,980	47,825
Total current liabilities	188,369	194,048
Non-current liabilities		
Long-term borrowings	50,017	45,745
Provisions	1,339	1,620
Retirement benefit liability	27,887	26,935
Other	14,471	15,963
Total non-current liabilities	93,715	90,264
Total liabilities	282,084	284,312
Net assets		
Shareholders' equity		
Share capital	44,000	44,000
Capital surplus	18,960	18,940
Retained earnings	73,622	72,997
Treasury shares	(761)	(712)
Total shareholders' equity	135,820	135,224
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,069	7,344
Deferred gains or losses on hedges	(10)	55
Foreign currency translation adjustment	(7,020)	(7,027)
Remeasurements of defined benefit plans	3,315	2,801
Total accumulated other comprehensive income	5,353	3,173
Share acquisition rights	73	44
Non-controlling interests	65	84
Total net assets	141,314	138,527
Total liabilities and net assets	423,399	422,840

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income
(For the Nine Months Ended December 31, 2023 and 2024)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	286,642	307,000
Cost of sales	219,007	229,113
Gross profit	67,635	77,887
Selling, general and administrative expenses	61,792	70,256
Operating profit	5,842	7,631
Non-operating income		
Interest income	561	710
Dividend income	930	1,015
Miscellaneous income	851	447
Total non-operating income	2,344	2,173
Non-operating expenses		
Interest expenses	1,672	1,659
Miscellaneous expenses	1,726	2,521
Total non-operating expenses	3,399	4,180
Ordinary profit	4,787	5,624
Extraordinary income		
Gain on sale of investment securities	—	1,040
Total extraordinary income	—	1,040
Extraordinary losses		
Loss on disposal of non-current assets	1,283	—
Extra retirement payments	—	528
Total extraordinary losses	1,283	528
Profit before income taxes	3,503	6,136
Income taxes - current	1,249	1,055
Income taxes - deferred	243	3,090
Total income taxes	1,492	4,145
Profit	2,011	1,991
Profit attributable to non-controlling interests	11	15
Profit attributable to owners of parent	1,999	1,975

Consolidated Statements of Comprehensive Income
(For the Nine Months Ended December 31, 2023 and 2024)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	2,011	1,991
Other comprehensive income		
Valuation difference on available-for-sale securities	5,976	(1,723)
Deferred gains or losses on hedges	7	65
Foreign currency translation adjustment	931	1
Remeasurements of defined benefit plans, net of tax	(135)	(513)
Share of other comprehensive income of entities accounted for using equity method	—	(1)
Total other comprehensive income	6,779	(2,171)
Comprehensive income	8,790	(180)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,775	(204)
Comprehensive income attributable to non-controlling interests	15	23

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	3,503	6,136
Depreciation	10,189	11,087
Increase (decrease) in provisions	(8,877)	2,211
Interest and dividend income	(1,492)	(1,725)
Interest expenses	1,672	1,659
Loss (gain) on sale of investment securities	(86)	(1,025)
Decrease (increase) in trade receivables	834	20,117
Decrease (increase) in inventories	(7,841)	(22,140)
Increase (decrease) in trade payables	(558)	(3,551)
Other, net	3,956	(6,162)
Subtotal	1,301	6,607
Interest and dividends received	1,049	1,120
Interest paid	(1,439)	(1,492)
Income taxes refund (paid)	417	(2,719)
Net cash provided by (used in) operating activities	1,329	3,517
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,491)	(7,207)
Purchase of intangible assets	(3,719)	(4,228)
Proceeds from sale of investment securities	114	4,222
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	1,257	—
Purchase of long-term prepaid expenses	(818)	(2,786)
Other payments	(608)	(296)
Other proceeds	147	145
Net cash provided by (used in) investing activities	(13,118)	(10,151)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,550)	15,110
Proceeds from long-term borrowings	22,250	4,700
Repayments of long-term borrowings	(12,207)	(11,638)
Dividends paid	(1,724)	(2,585)
Repayments of lease liabilities	(3,140)	(2,800)
Other, net	66	44
Net cash provided by (used in) financing activities	2,694	2,831
Effect of exchange rate change on cash and cash equivalents	1,221	597
Net increase (decrease) in cash and cash equivalents	(7,872)	(3,204)
Cash and cash equivalents at beginning of period	37,498	34,422
Cash and cash equivalents at end of period	29,625	31,217

(4) Notes to Consolidated Financial Statements

(Notes on Changes in Accounting Policies)

(Application of "Accounting Standard for Current Income Taxes," etc.)

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 quarter 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, October 28, 2022; hereinafter referred to as the "2022 Revised Guidance"). This change in accounting policy has no impact on the quarterly 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 quarter of the fiscal year ending March 31, 2025. This change in accounting policy has been applied retrospectively. As a result, the quarterly consolidated financial statements and consolidated financial statements for the prior quarter and the previous fiscal year have been restated to reflect this change. This change in accounting policy has no effect on the quarterly consolidated financial statements for the previous quarter or the consolidated financial statements for the previous fiscal year.

(Notes on Segment Information)

I First nine months of the fiscal year ended March 31, 2024 (From April 1, 2023 to December 31, 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 consolidated statements of income (Note 3)
	Public Solutions	Enterprise Solutions	Component Products	EMS	Total				
Net sales									
Net sales to external Customers	63,849	115,458	53,419	53,611	286,338	304	286,642	—	286,642
Intersegment net sales or transfers	1,550	263	4,470	465	6,750	6,891	13,641	(13,641)	—
Total	65,400	115,722	57,889	54,076	293,088	7,195	300,284	(13,641)	286,642
Segment income (loss)	561	10,525	(276)	805	11,615	(713)	10,901	(5,058)	5,842

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

2. The ¥(5,058) million adjustment to segment income or loss includes the elimination of intersegment transactions of ¥226 million, corporate expenses not allocated to each reportable segment of ¥(5,303) million, and an adjustment to fixed assets of ¥18 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 consolidated statements of income.

II First nine months of the fiscal year ending March 31, 2025 (From April 1, 2024 to December 31, 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 consolidated statements of income (Note 3)
	Public Solutions	Enterprise Solutions	Component Products	EMS	Total				
Net sales									
Net sales to external Customers	70,310	132,427	55,848	48,118	306,704	295	307,000	—	307,000
Intersegment net sales or transfers	4,959	227	4,768	406	10,362	7,695	18,058	(18,058)	—
Total	75,270	132,655	60,616	48,525	317,067	7,991	325,059	(18,058)	307,000
Segment income (loss)	2,694	11,755	2,099	(1,575)	14,974	(1,021)	13,952	(6,321)	7,631

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

2. The ¥(6,321) million adjustment to segment income or loss includes the elimination of intersegment transactions of ¥265 million, corporate expenses not allocated to each reportable segment of ¥(6,587) million, and an adjustment to fixed assets of ¥0 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 consolidated statements of income.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable

(Notes on Going Concern Assumption)

Not applicable