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Financial Results for Q3 FY2024

February 6, 2025

Oki Electric Industry Co., Ltd.

Key points

1． Financial Results for Q3 FY2024

- Total consolidated net sales and operating income continued their YOY increases, maintaining the trend from Q2.
- Overall progress is basically on track to achieve the annual performance targets.

2． Full-Year Forecast for FY2024

- Net sales and operating income forecasts for each segment have been revised to reflect the current business environment and performance trends.
- Consolidated net sales forecast has been revised, while the consolidated operating income forecast remains unchanged from the initial forecast.

Summary of Financial Results

- Net sales and operating income posted YOY growth, continuing the trend from Q2.
- Overall progress is basically on track to achieve the annual performance targets.

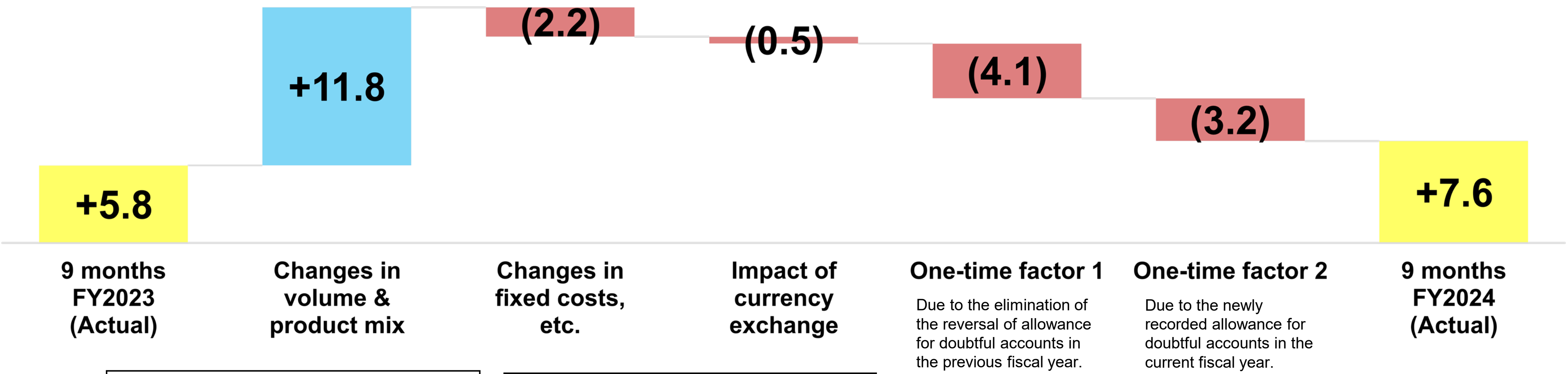
(Billion yen)	9 months FY2024 (Actual)	9 months FY2023 (Actual)	Variance
Net sales	307.0	286.6	+20.4
Operating income	7.6	5.8	+1.8
Ordinary income	5.6	4.8	+0.8
Profit attributable to owners of parent	2.0	2.0	-

USD average exchange rate (Yen)	152.6	143.3	+9.3
EUR average exchange rate (Yen)	164.8	155.3	+9.5

Reasons for Changes in Operating Income/Loss

- Operating income posted a significant increase, supported by the sustained robust performance of large-scale projects in Enterprise Solutions from 2H FY2023 and the steady progress of Public Solutions, which has been a focus area this fiscal year, heading into Q4.
- We reviewed the collectability of trade receivables related to the China ATM project and recorded an allowance for doubtful accounts.

(Billion yen)



Public Solutions	+3.1
Enterprise Solutions	+9.8
Component Products	+0.8
EMS	(1.9)

- Labor cost
- Growth investment (Depreciation expense･R&D)
- Restarting overseas business

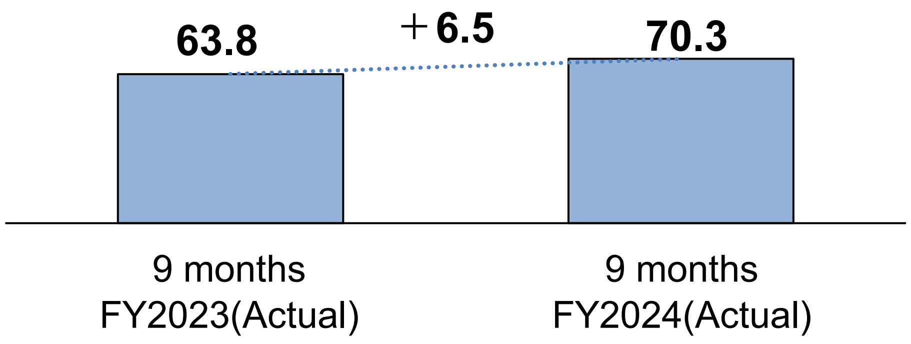
Segment Information (Net Sales / Operating Income)

(Billion yen)		9 months FY2024 (Actual)	9 months FY2023 (Actual)	Variance
Public Solutions	Net sales	70.3	63.8	+6.5
	Operating income	2.7	0.6	+2.1
Enterprise Solutions	Net sales	132.4	115.5	+16.9
	Operating income	11.8	10.5	+1.3
Component Products	Net sales	55.8	53.4	+2.4
	Operating income	2.1	(0.3)	+2.4
EMS	Net sales	48.1	53.6	(5.5)
	Operating income	(1.6)	0.8	(2.4)
Others	Net sales	0.3	0.3	0.0
	Operating income	(1.0)	(0.7)	(0.3)
Corporate & Eliminations	Operating income	(6.3)	(5.1)	(1.2)
Total	**Net sales**	307.0	286.6	+20.4
	Operating income	7.6	5.8	+1.8

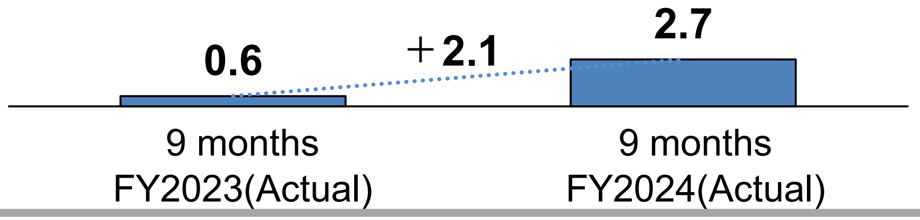
Public Solutions

- Net sales and operating income increased due to key projects in areas such as firefighting, disaster prevention, road, and defense.
- Approximately 94% of the forecasted annual sales have already been secured in terms of orders received.

Net sales（Billion yen）



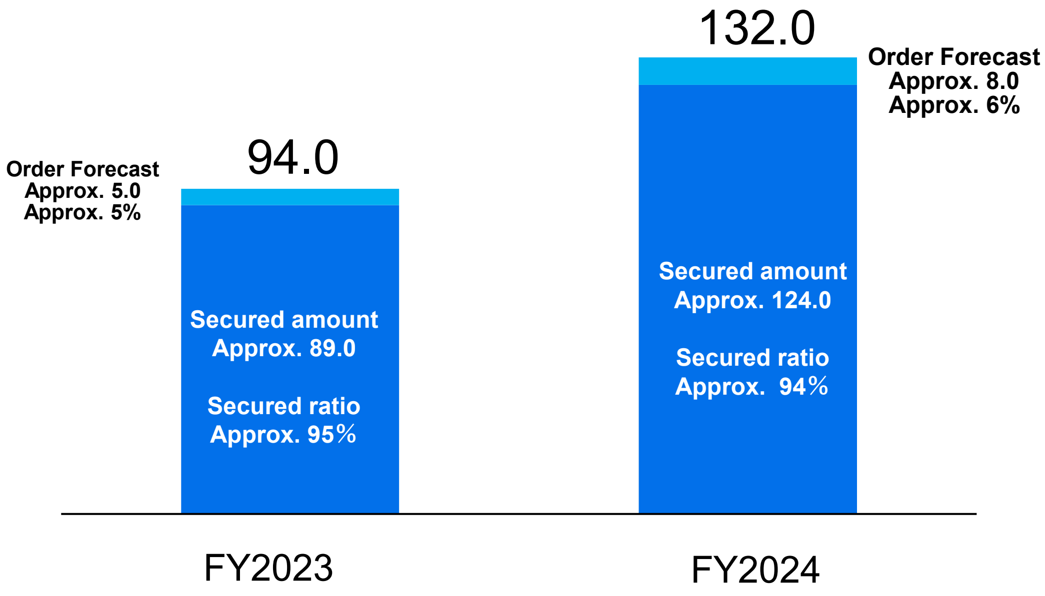
Operating income （Billion yen）



(Reference) Annual sales secured as of Q3 results announcement

(Billion yen)

Secured amount for FY2024 approximately 124.0 billion yen (an increase of 35 billion yen YOY).



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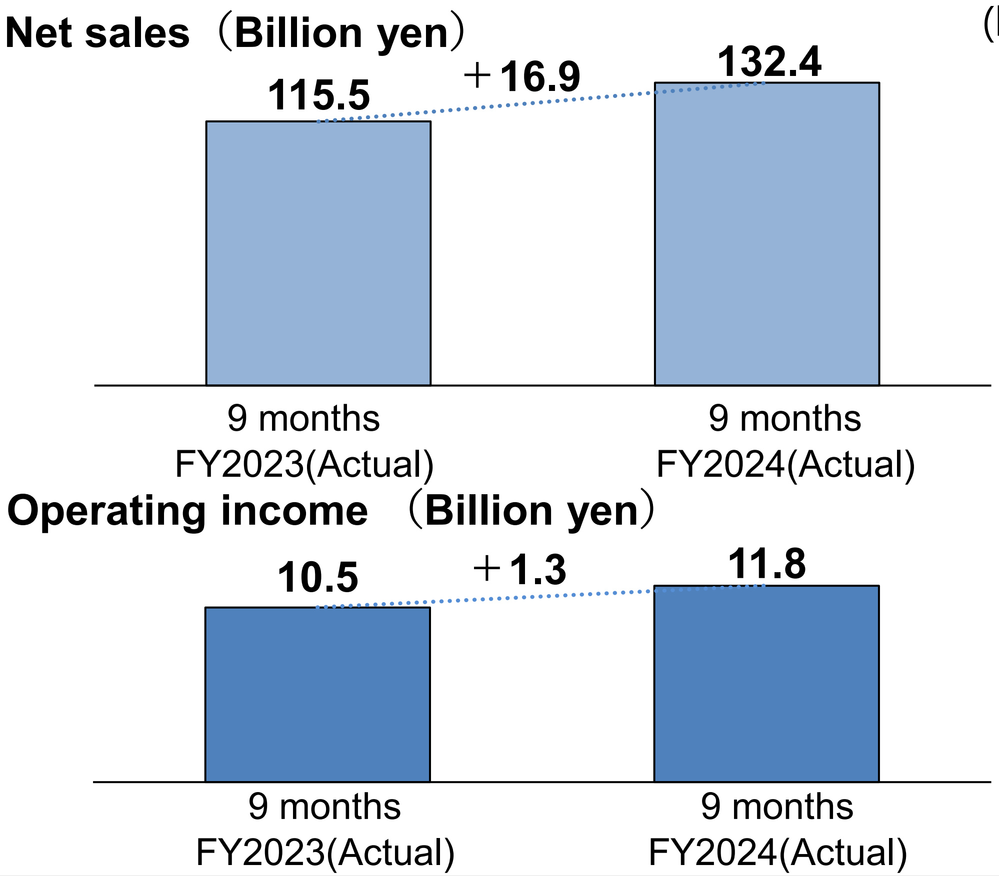
Enterprise Solutions

- Net sales and operating income increased due to the continuation of large-scale projects from 2H FY2023 and the elimination of the impact of increased material costs from 1H FY2023.



(Reference) Net sales and Operating Income Breakdown Comparison

(Billion yen)

(Net sales)	FY23	FY24	Variance
Hardware/Software	78.1	91.0	+12.9
Construction & Maintenance	37.3	41.4	+4.1
Total	115.5	132.4	+16.9

(Operating income)	FY23	FY24	Variance
Hardware/Software	(0.6)	8.3	+8.9
Construction & Maintenance	7.0	6.8	(0.2)
One-time revenue	4.1	(3.3)	(7.4)
Total	10.5	11.8	+1.3

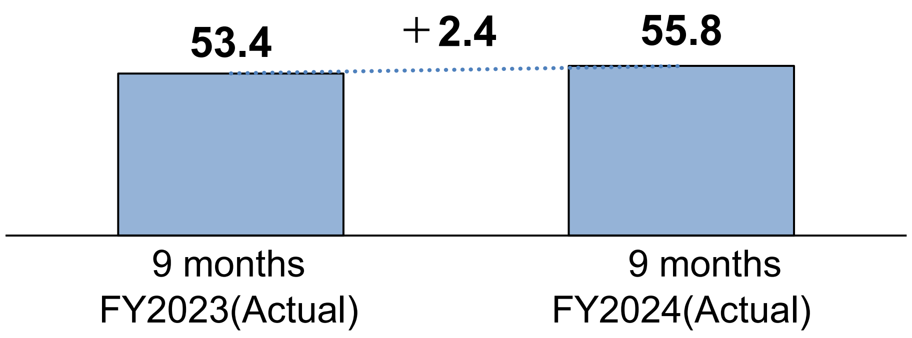
Overview by Segment

Component Products

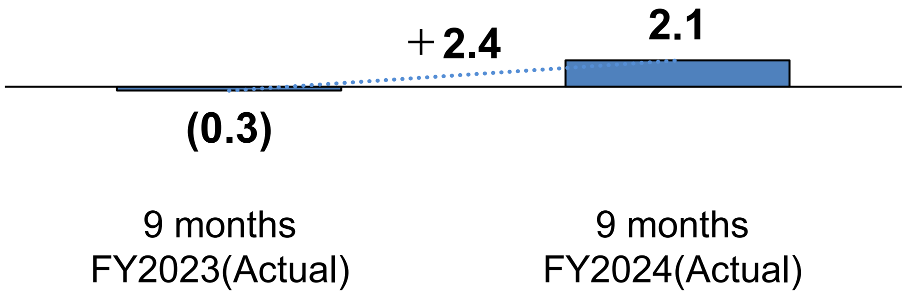
- Net sales increased due to growth in OEM sales and foreign exchange rate effects.

  Operating income increased due to changes in the product mix, cost reductions, and other factors.

Net sales（Billion yen）



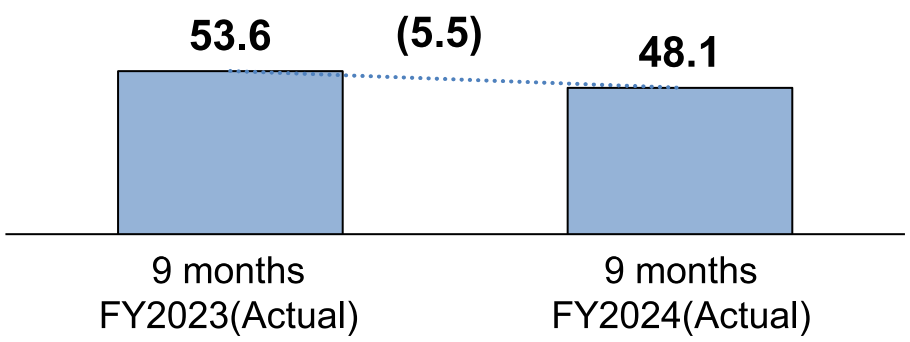
Operating income （Billion yen）



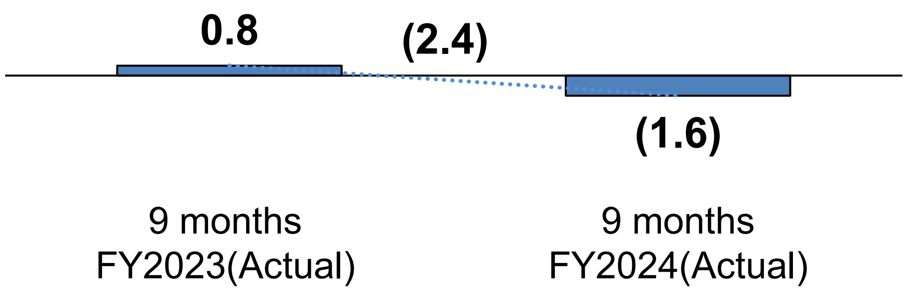
EMS

- Net sales declined due to the persistent demand downturn in the semiconductor and FA and robot markets since 2H FY2023, with operating income also adversely impacted.

Net sales（Billion yen）



Operating income （Billion yen）

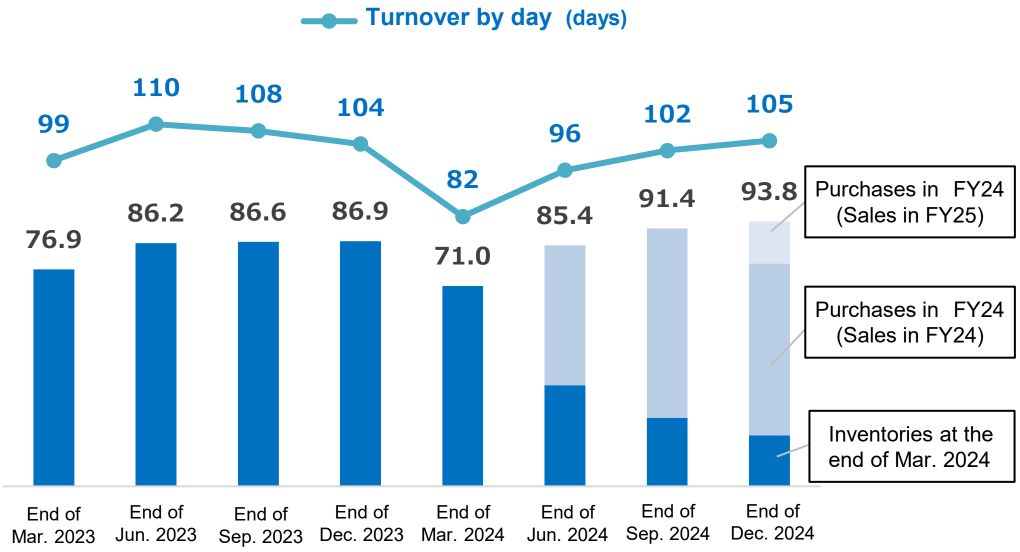


Balance Sheets

- Inventories at end-FY2023 showed a steady decline.

(Billion yen)	Dec. 2024	Mar. 2024	Variance
Current assets	240.6	239.7	+0.9
Fixed assets	182.2	183.7	(1.5)
Assets	422.8	423.4	(0.6)
Current liabilities	194.0	188.4	+5.6
Fixed liabilities	90.3	93.7	(3.4)
Liabilities	284.3	282.1	+2.2
Shareholders' equity	138.4	141.2	(2.8)
Others	0.1	0. 1	-
Net assets	138.5	141.3	(2.8)
Total liabilities and net assets	422.8	423.4	(0.6)
Shareholders' equity ratio (%)	32.7	33.3	(0.6)
D/E ratio (times)	0.9	0.8	+0.1

Inventories / Turnover by days



Cash Flows

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- Cash flows from operating activities was positive YOY due to improved profits.
- Cash flows from investing activities turned positive YOY, partly due to the impact of the sale of investment securities.

(Billion yen)	9 months FY2024 (Actual)	9 months FY2023 (Actual)	Variance
Ⅰ Cash flows from operating activities	3.5	1.3	+2.2
Ⅱ Cash flows from investing activities	(10.2)	(13.1)	+2.9
Free cash flows（Ⅰ＋Ⅱ）	(6.7)	(11.8)	+5.1
Ⅲ Cash flows from financing activities	2.8	2.7	+0.1

Purchases of PP&E and intangible assets	11.4	13.2	(1.8)
Depreciation	11.1	10.2	+0.9

(Billion yen)	Dec. 2024 (Actual)	Mar. 2024 (Actual)	Variance
Cash and cash equivalents	31.2	34.4	(3.2)

Financial Forecasts

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- Net sales and operating income forecasts for each segment have been revised to reflect the current business environment and performance trends.
- Consolidated net sales forecast has been revised, while the consolidated operating income forecast remains unchanged from the initial forecast.

(Billion yen)		FY2024 (Revised)	FY2024 (Previous)	Variance	FY2023 (Actual)	Variance
Public Solutions	Net sales	132.0	135.0	(3.0)	94.0	+38.0
	Operating income	11.0	10.5	+0.5	4.4	+6.6
Enterprise Solutions	Net sales	178.0	178.0	±0.0	180.1	(2.1)
	Operating income	15.0	15.0	±0.0	22.0	(7.0)
Component Products	Net sales	76.0	75.0	+1.0	73.4	+2.6
	Operating income	2.0	1.5	+0.5	0.6	+1.4
EMS	Net sales	67.0	72.0	(5.0)	73.9	(6.9)
	Operating income	0.0	1.0	(1.0)	1.1	(1.1)
Others	Net sales	0.0	0.0	±0.0	0.4	(0.4)
	Operating income	(1.8)	(1.8)	±0.0	(1.1)	(0.7)
Corporate & Eliminations	Operating income	(10.2)	(10.2)	±0.0	(8.3)	(1.9)
Total	**Net sales**	453.0	460.0	(7.0)	421.9	+31.1
	Operating income	16.0	16.0	±0.0	18.7	(2.7)
	Ordinary income	14.5	14.5	±0.0	18.3	(3.8)
	Profit attributable to owners of parent	9.5	9.5	±0.0	25.6	(16.1)
Dividend per share (yen)		30	30	±0	30	±0

Exchange rate assumptions
USD : ¥152.9
EUR : ¥163.9

(Reference) Quarterly Results

(Billion yen)		FY2023 Q1	FY2023 Q2	FY2023 Q3	FY2023 Q4	FY2023 FY	FY2024 Q1	FY2024 Q2	FY2024 Q3	FY2024 9 months
Public Solutions	Net sales	19.3	20.0	24.5	30.1	94.0	19.1	22.2	29.0	70.3
	Operating income	(0.1)	(0.7)	1.4	3.9	4.4	(1.3)	0.7	3.2	2.7
Enterprise Solutions	Net sales	27.4	36.5	51.5	64.7	180.1	45.2	41.9	45.4	132.4
	Operating income	1.9	2.0	6.6	11.4	22.0	7.8	3.5	0.5	11.8
Component Products	Net sales	17.0	17.9	18.5	20.0	73.4	17.9	18.7	19.2	55.8
	Operating income	(0.8)	1.3	(0.8)	0.9	0.6	(0.1)	1.1	1.2	2.1
EMS	Net sales	17.7	18.8	17.1	20.3	73.9	15.6	16.8	15.7	48.1
	Operating income	0.6	0.3	(0.1)	0.3	1.1	(0.6)	(0.4)	(0.6)	(1.6)
Others	Net sales	0.1	0.1	0.1	0.1	0.4	0.1	0.1	0.1	0.3
	Operating income	(0.1)	(0.3)	(0.3)	(0.4)	(1.1)	(0.4)	(0.3)	(0.2)	(1.0)
Corporate & Eliminations	Operating income	(1.4)	(1.5)	(2.2)	(3.2)	(8.3)	(1.6)	(2.2)	(2.6)	(6.3)
Total	**Net sales**	**81.5**	**93.3**	**111.8**	**135.3**	**421.9**	**97.9**	**99.7**	**109.3**	**307.0**
	Operating income	**0.0**	**1.0**	**4.8**	**12.9**	**18.7**	**3.9**	**2.3**	**1.5**	**7.6**

(Reference) Major Products and Services

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Public Solutions	• Roads (ETC, VICS), air traffic control, disaster prevention, firefighting • Business systems for central government offices, government statistics systems • Defense systems (underwater acoustics, information) • Aviation equipment • Infrastructure monitoring • Carrier networks, video distribution, 5G/local 5G
Enterprise Solutions	• ATMs, cash handling equipment • Bank branch terminals, ticket reservations issuing terminals, check-in terminals • ATM monitoring/operation services • Bank branch systems, system to centralized back office operations • Railway ticket issuance systems, airport check-in systems • Manufacturing systems (ERP, IoT) • Construction and Maintenance Services
Component Products	• AI edge computers, sensors, IoT networks • PBXs, business phones, contact centers • Cloud services • LED printers
EMS	• Consigned designing and manufacturing services • Printed circuit boards

(Reference) Major Working Capital: Changes in the number of days held

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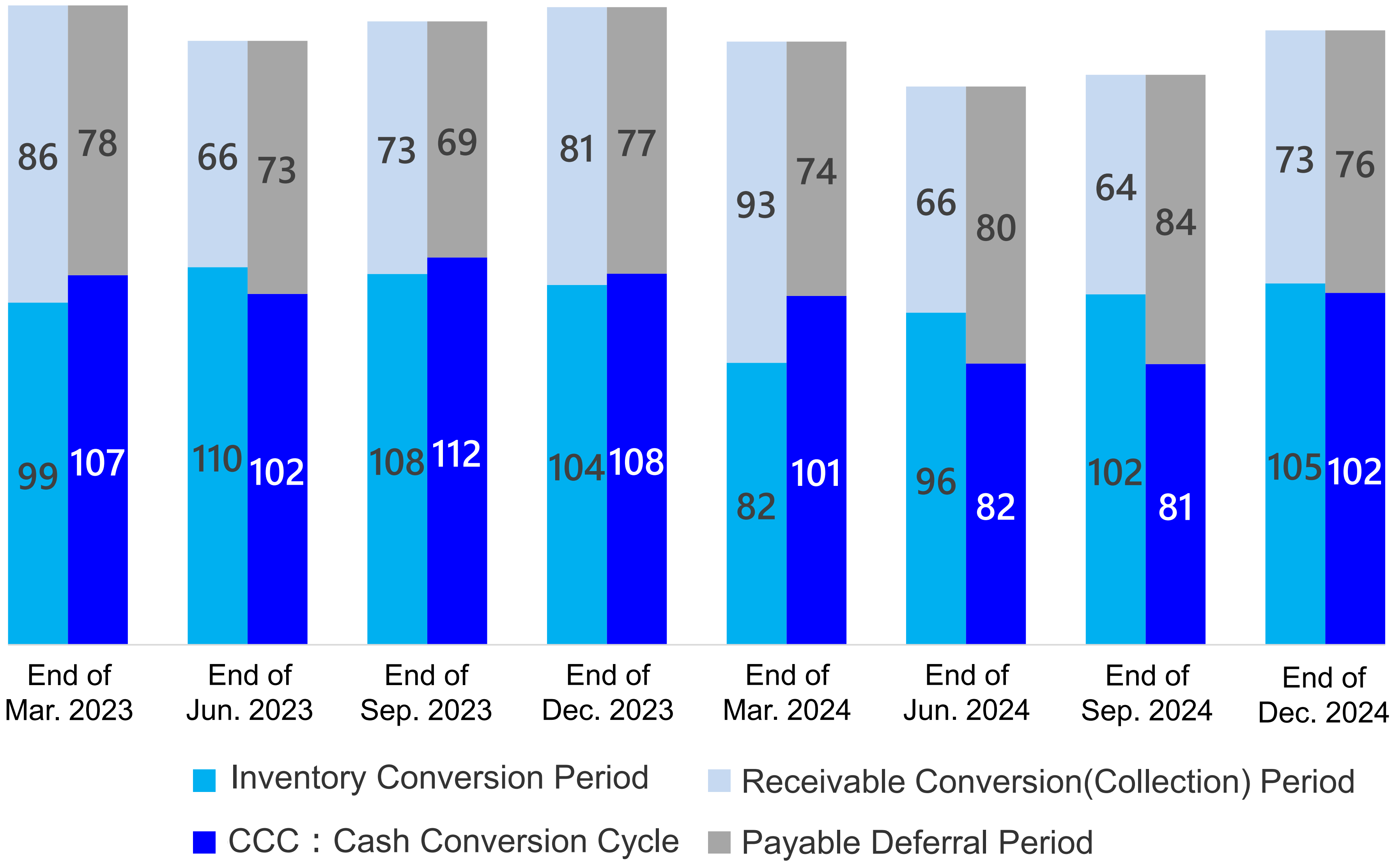
unit：days



Notice

- The projections and plans in this material are based on information currently available to OKI as of the date of publication and certain assumptions judged as rational, therefore actual results are subject to change depending upon the changes of business environments and other conditions.
- Indication method of amounts in hundred millions (yen) are as follow: Amounts in each item are rounded to the nearest hundred million yen. Variances are calculated in the hundred millions.