

## Q&A Session Summary of Financial Results Briefing for FY2024

### (Meeting Overview)

- Date: May 8, 2025 (Thu) 16:00-16:45 JST
- Meeting Format: Online streaming from OKI Headquarters
- Presenters and Respondents: Takahiro Mori, Representative Director and CEO  
Teiji Teramoto, Representative Director and Senior Executive Vice President

### (Questioner A)

- Q1: Regarding the FY24 results for Public Solutions, could you explain the background of the improvement in operating income compared to the previous forecasts, including the situation by sub-segment if possible?
- A1 (Mori): The improvement is due to a favorable product mix and better cost efficiency. We had considered some costs to prepare for unforeseen circumstances in large-scale projects, but we managed to do well without significant troubles. From the perspective of each sub-segments, both have shown improvements, and for the TOKKI Systems' defense projects as well, we have secured solid profits.
- Q2: For the FY25 forecasts in Public Solutions, especially regarding Social Infrastructure Solutions, there is a significant increase in net sales forecasted, with operating income down a bit but remaining at a high level. How do you feel about the prospects?
- A2 (Mori): The forecasts for increased net sales are underpinned by the accumulation of public sector projects that have already been ordered, as well as new projects related to network and electric power. As you noted, we are projecting a high level of profits, and since some projects have already been secured, those projections at this stage are based on careful examination.
- Q3: For EMS in FY25, you are projecting a turnaround from a loss last fiscal year to JPY 4 billion in operating income; could you explain the background and your confidence?
- A3 (Mori): There are three main points. First, regarding the market situation, we are not being too optimistic but expect a modest recovery in semiconductor market in the latter half of this fiscal year. Second, there will be restraints in fixed costs through investment control. Third, we will step up our efforts to win new clients rather than relying solely on existing ones. As a strategic action, we will expand the scope from partial contract manufacturing to whole process support "Comprehensive Manufacturing Service", increasing business scale per client. The projected JPY 4 billion operating income is not only due to increased revenue, but also by incorporating cost reductions from optimal production location reviews.

### (Questioner B)

- Q4: What is your assessment of the impact of US tariffs under the Trump administration?
- A4 (Mori): As we have minimal business in sales and production in North America, the direct impact is expected to be limited. As for indirect effects on our customers, it is difficult to forecast, but we believe it is important to steadily take countermeasures as needed, such as expanding business that is less

susceptible to such impacts.

- Q5: Please explain the impact of foreign exchange fluctuations and your countermeasures.
- A5 (Teramoto): From perspectives by segment, in Public and Enterprise Solutions, there are overall USD-based procurements, therefore a 1-yen appreciation would lead to an annual operating income increase of tens of millions of yen. In Component Products, we have some sales in EUR as well as procurement in USD, but accordingly implement foreign exchange reserve contracts to mitigate the impact, so it remains relatively under control.
- Q6: Please explain the impact of the ETC system failure of Central Nippon Expressway Company.
- A6 (Mori): There were no malfunctions attributable to us about it.

(Questioner C)

- Q7: Please explain, as much as possible, your approach to the next Medium-Term Business Plan.
- A7 (Mori): While we are currently focusing on rebuilding our core businesses, we would like to gradually increase the emphasis on future businesses such as overseas business expansion, summarizing our vision and strategy and disclosing it within this fiscal year.
- Q8: Please explain about future businesses such as CFB and business development in Global South.
- A8 (Mori): We are aiming for commercialization of CFB in FY26. Regarding overseas business expansion through co-creation funds, we believe our solutions are very attractive in addressing social infrastructure issues in Asia, such as in India, and we will proceed with a long-term perspective, looking about ten years ahead.
- Q9: Please comment on your views regarding capital market trends, such as unsolicited acquisition proposals (TOB) and management-led buyouts (MBO).
- A9 (Mori): Although there are currently no concrete considerations, we are taking steps and considerations to increase our corporate and business value for the future.
- Q10: Please elaborate on any potential impact from economic trends in China these days.
- A10 (Mori): We have not been actively pursuing either production or sales in China in recent years, so there will be no short-term impact on our business results.

(Questioner D)

- Q11: It would be helpful if you could further elaborate on the significant increase in operating income for Public Solutions in FY24. Also, if possible, please provide information regarding overseas business expansion of defense equipment, which has been covered by the media.
- A11 (Mori): In terms of sales scale, the significant change is from JPY 90 billion range in FY23 to JPY 130 or 140 billion in FY24 and FY25. If net sales fall below JPY 100 billion, the profit levels become weak, but at the scale level of this fiscal year's results and next fiscal year's forecasts, we can expect better margins. Regarding overseas business expansion of defense equipment, while it could surely lead to our business growth, we do not disclose details about the scale at this time.

- (Questioner E)
- Q12: If possible, please provide more details about the commercialization of the CFB business within FY26, as mentioned earlier.
- A12 (Mori): As previously mentioned at IR meetings, we are considering partial commercialization in the fields of power semiconductors, analog IC, and photonics. We are carrying this forward with a long-term view of about ten years and are currently making progress in partnering.

Note: The forward-looking statements in this document are made based on information currently available to OKI and certain assumptions considered reasonable as of the date of this material. Therefore, actual results may differ from its projections upon the changes of business environments and other conditions.

In addition, for convenience only, some additions and revisions were made.