

# Financial Section

For the year ended March 31, 2025

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# Consolidated Balance Sheets [Unaudited]

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

ASSETS	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
<b>Current assets:</b>			
Cash and deposits	¥ 36,865	¥ 35,044	\$ 247,416
Notes and accounts receivable, and contract assets (Note 5)	112,215	114,115	753,120
Lease receivables and investments in leases	4,728	5,866	31,731
Finished goods	18,441	17,981	123,765
Work in process	15,122	17,380	101,489
Raw materials and supplies	31,436	35,409	210,979
Other current assets	13,187	13,909	88,503
Allowance for doubtful receivables	(118)	(19)	(791)
<b>Total current assets</b>	<b>231,878</b>	<b>239,687</b>	<b>1,556,228</b>
<b>Non-current assets:</b>			
<b>Property, plant and equipment:</b>			
Buildings and structures	25,319	24,951	169,926
Machinery, equipment and vehicles	7,338	8,654	49,248
Tools, furniture and fixtures	8,605	8,845	57,751
Land	16,075	15,979	107,885
Construction in progress	2,948	2,138	19,785
<b>Total property, plant and equipment (Note 5)</b>	<b>60,288</b>	<b>60,569</b>	<b>404,617</b>
Intangible assets	18,153	15,924	121,832
<b>Investments and other assets:</b>			
Investments in securities (Note 5)	38,380	43,336	257,583
Asset for retirement benefits	34,617	37,234	232,328
Other investments and other assets	40,523	36,959	271,966
Allowance for doubtful receivables	(12,875)	(10,313)	(86,409)
<b>Total investments and other assets</b>	<b>100,645</b>	<b>107,218</b>	<b>675,469</b>
<b>Total non-current assets</b>	<b>179,086</b>	<b>183,711</b>	<b>1,201,919</b>
<b>Total assets</b>	<b>¥410,965</b>	<b>¥423,399</b>	<b>\$2,758,154</b>

	Millions of yen		Thousands of U.S. dollars
LIABILITIES	2025	2024	2025
<b>Current liabilities:</b>			
Notes and accounts payable	¥ 61,429	¥ 64,030	\$ 412,275
Short-term borrowings (Note 5)	41,390	60,012	277,785
Accounts payable - other	22,543	19,757	151,295
Other current liabilities (Note 5)	41,629	44,569	279,389
<b>Total current liabilities</b>	<b>166,992</b>	<b>188,369</b>	<b>1,120,751</b>
<b>Long-term liabilities</b>			
Long-term borrowings	56,773	50,017	381,026
Lease obligations	4,839	5,119	32,476
Deferred tax liabilities	4,152	5,072	27,865
Liability for retirement benefits	27,100	27,887	181,879
Other long-term liabilities	5,361	5,619	35,979
<b>Total long-term liabilities</b>	<b>98,226</b>	<b>93,715</b>	<b>659,234</b>
<b>Total liabilities</b>	<b>265,219</b>	<b>282,084</b>	<b>1,779,993</b>
<b>NET ASSETS</b>			
<b>Shareholders' equity:</b>			
Capital stock	44,000	44,000	295,302
Additional paid-in capital	18,940	18,960	127,114
Retained earnings	83,501	73,622	560,409
Treasury stock, at cost	(713)	(761)	(4,785)
<b>Total shareholders' equity</b>	<b>145,728</b>	<b>135,820</b>	<b>978,040</b>
<b>Accumulated other comprehensive income:</b>			
Net unrealized holding gain (loss) on other securities	7,769	9,069	52,140
Gain (loss) on deferred hedges	(126)	(10)	(845)
Translation adjustments	(7,301)	(7,020)	(49,000)
Accumulated retirement benefits liability adjustments	(448)	3,315	(3,006)
<b>Total accumulated other comprehensive income</b>	<b>(105)</b>	<b>5,353</b>	<b>(704)</b>
<b>Subscription rights to shares</b>	<b>44</b>	<b>73</b>	<b>295</b>
<b>Non-controlling interests</b>	<b>78</b>	<b>65</b>	<b>523</b>
<b>Total net assets</b>	<b>145,745</b>	<b>141,314</b>	<b>978,154</b>
<b>Total liabilities and net assets</b>	<b>¥410,965</b>	<b>¥423,399</b>	<b>\$2,758,154</b>

The accompanying notes are an integral part of these statements.

# Consolidated Statements of Income [Unaudited]

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Net sales	¥452,457	¥421,854	\$3,036,624
Cost of sales	339,096	316,443	2,275,812
<b>Gross profit</b>	113,361	105,411	760,812
Selling, general and administrative expenses (Note 6)	94,733	86,718	635,791
<b>Operating income</b>	18,627	18,692	125,013
Non-operating income			
Interest income	1,175	1,094	7,885
Dividend income	1,438	1,401	9,651
Foreign exchange gain	—	500	—
Dividend income of insurance	397	418	2,664
Other	609	1,153	4,087
Total non-operating income	3,620	4,569	24,295
Non-operating expenses			
Interest expense	2,289	2,289	15,362
Foreign exchange losses	1,397	—	9,375
Other	1,752	2,678	11,758
Total non-operating expenses	5,439	4,967	36,503
<b>Ordinary income</b>	16,808	18,293	112,805
Extraordinary income			
Gain on sale of investment securities	1,448	1,390	9,718
Total extraordinary income	1,448	1,390	9,718
Extraordinary loss			
Loss on sale and disposition of non-current assets	690	1,481	4,630
Impairment losses	1,834	—	12,308
Extra retirement payments	528	—	3,543
Total extraordinary loss	3,052	1,481	20,483
<b>Profit before income taxes</b>	15,205	18,202	102,046
Income taxes			
Current	3,417	3,562	22,932
Deferred	(705)	(11,014)	(4,731)
Total income taxes	2,711	(7,452)	18,194
<b>Profit</b>	12,493	25,654	83,845
Profit attributable to non-controlling interests	13	5	87
<b>Profit attributable to owners of parent</b>	¥ 12,479	¥ 25,649	\$ 83,751

The accompanying notes are an integral part of these statements.

# Consolidated Statements of Comprehensive Income [Unaudited]

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
<b>Profit</b>	¥12,493	¥25,654	\$83,845
Other comprehensive income			
Net unrealized holding gain (loss) on other securities	(1,298)	7,988	(8,711)
Gain (loss) on deferred hedges	(115)	21	(771)
Translation adjustments	(276)	1,325	(1,852)
Retirement benefits liability adjustments	(3,763)	8,788	(25,255)
Share of other comprehensive income of entities accounted for using equity method	(1)	3	(6)
Total other comprehensive income (Note 7)	(5,455)	18,128	(36,610)
<b>Comprehensive income</b>	¥7,037	¥43,783	\$47,228
Comprehensive income attributable to:			
Owners of the parent	¥7,020	¥43,773	\$47,114
Non-controlling interests	¥17	¥10	\$114

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  
Years ended March 31

	Shareholders' equity					Accumulated other comprehensive income							
	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	Total net assets
	Millions of yen												
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
Dividends from surplus			(1,732)		(1,732)								(1,732)
Profit attributable to owners of parent			25,649		25,649								25,649
Purchases of treasury stock				(2)	(2)								(2)
Disposition of treasury stock		(33)		81	47								47
Net changes in items other than shareholders' equity during the term						7,991	21	1,321	8,788	18,124	(47)	(3)	18,072
Net changes during the term	—	(33)	23,916	79	23,962	7,991	21	1,321	8,788	18,124	(47)	(3)	42,035
Balance at March 31, 2024	44,000	18,960	73,622	(761)	135,820	9,069	(10)	(7,020)	3,315	5,353	73	65	141,314
Dividends from surplus			(2,600)		(2,600)								(2,600)
Profit attributable to owners of parent			12,479		12,479								12,479
Purchases of treasury stock				(1)	(1)								(1)
Disposition of treasury stock		(20)		50	29								29
Net changes in items other than shareholders' equity during the term						(1,299)	(115)	(280)	(3,763)	(5,459)	(29)	12	(5,476)
Net changes during the term	—	(20)	9,879	48	9,907	(1,299)	(115)	(280)	(3,763)	(5,459)	(29)	12	4,431
Balance at March 31, 2025	¥44,000	¥18,940	¥83,501	¥(713)	¥145,728	¥7,769	¥(126)	¥(7,301)	¥(448)	¥(105)	¥44	¥78	¥145,745

	Shareholders' equity					Accumulated other comprehensive income							
	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	Total net assets
	Thousands of U.S. dollars												
Balance at March 31, 2024	\$295,302	\$127,248	\$494,107	\$(5,107)	\$911,543	\$60,865	\$(67)	\$(47,114)	\$22,248	\$35,926	\$489	\$436	\$948,416
Dividends from surplus			(17,449)		(17,449)								(17,449)
Profit attributable to owners of parent			83,751		83,751								83,751
Purchases of treasury stock				(0)	(0)								(0)
Disposition of treasury stock		(134)		335	194								194
Net changes in items other than shareholders' equity during the term						(8,718)	(771)	(1,879)	(25,255)	(36,637)	(194)	80	(36,751)
Net changes during the term	—	(134)	66,302	322	66,489	(8,718)	(771)	(1,879)	(25,255)	(36,637)	(194)	80	29,738
Balance at March 31, 2025	\$295,302	\$127,114	\$560,409	\$(4,785)	\$978,040	\$52,140	\$(845)	\$(49,000)	\$(3,006)	\$(704)	\$295	\$523	\$978,154

# Consolidated Statements of Cash Flows [Unaudited]

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
<b>Cash flows from operating activities:</b>			
Profit before income taxes	¥15,205	¥ 18,202	\$102,046
Depreciation	14,978	14,201	100,523
Impairment losses	1,834	228	12,308
Increase (decrease) in provisions	3,207	(7,681)	21,523
Interest and dividend income	(2,614)	(2,496)	(17,543)
Interest expenses	2,289	2,289	15,362
Loss (gain) on sale of investment securities	(1,406)	(1,389)	(9,436)
Loss (gain) on disposal of non-current assets	659	1,413	4,422
Decrease (increase) in trade receivables	1,648	(12,379)	11,060
Decrease (increase) in inventories	5,814	8,439	39,020
Increase (decrease) in trade payables	(2,822)	(3,779)	(18,939)
Other, net	3,962	8,175	26,590
Subtotal	42,755	25,223	286,946
Interest and dividends received	1,585	1,556	10,637
Interest paid	(2,252)	(2,220)	(15,114)
Income taxes paid	(2,827)	162	(18,973)
<b>Net cash provided by (used in) operating activities</b>	<b>39,261</b>	<b>24,721</b>	<b>263,496</b>
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	(10,503)	(12,195)	(70,489)
Purchase of intangible assets	(6,339)	(4,788)	(42,543)
Proceeds from sale of investment securities	5,064	2,928	33,986
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	1,199	—
Purchase of long-term prepaid expenses	(7,881)	(1,004)	(52,892)
Other payments	(758)	(663)	(5,087)
Other proceeds	784	189	5,261
<b>Net cash provided by (used in) investing activities</b>	<b>(19,634)</b>	<b>(14,335)</b>	<b>(131,771)</b>
<b>Cash flows from financing activities:</b>			
Net increase (decrease) in short-term borrowings	(13,392)	(32,249)	(89,879)
Proceeds from long-term borrowings	25,000	44,250	167,785
Repayments of long-term borrowings	(23,276)	(21,645)	(156,214)
Dividends paid	(2,586)	(1,726)	(17,355)
Repayments of lease liabilities	(3,650)	(4,403)	(24,496)
Other, net	44	65	295
<b>Net cash provided by (used in) financing activities</b>	<b>(17,861)</b>	<b>(15,709)</b>	<b>(119,872)</b>
Effect of exchange rate change on cash and cash equivalents	49	2,246	328
Net increase (decrease) in cash and cash equivalents	1,814	(3,076)	12,174
Cash and cash equivalents at beginning of period	34,422	37,498	231,020
<b>Cash and cash equivalents at end of period (Note 9)</b>	<b>¥36,237</b>	<b>¥34,422</b>	<b>\$243,201</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, 2025

## 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 ¥149 = U.S.\$1.00, the approximate exchange rate prevailing at March 31, 2025. 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.

### 3. Application of equity method

(1) The number of affiliated companies to which the equity method is applied: 1

Name of major company: Force Co., Ltd.

### 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

In regard to investments in limited partnerships and similar entities (which are deemed securities under Article 2, paragraph (2) of the Financial Instruments and Exchange Act), the method used is to incorporate the equity equivalent amount on a net basis, based on the most recent financial statements available, which have been obtained in accordance with the settlement

reporting date as specified in the partnership agreement.

(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

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.



(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 (11 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 Public Solutions business, the Enterprise Solutions business, the Component Products business and the EMS 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. This is because the Company deems that the control transfers to the customer and the performance obligation is satisfied at such timing.  
Consideration for transactions is received mainly within one year from the satisfaction of the performance obligation and does not include a significant financial component.
- (ii) Provision of services  
Revenue from provision of services in the Public Solutions business, the Enterprise Solutions business, the Component Products business and the EMS business is recognized 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 because the Company deems that the performance obligation is satisfied corresponding to the elapsed time period.  
For contract productions and engineering work of social infrastructure mainly in the Public Solutions business and the Enterprise Solutions 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.  
Consideration for transactions is received mainly within one year from the satisfaction of the performance obligation and does not include a significant financial component.

(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) 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.

(8) Other important matters in preparation of consolidated financial statements

The group tax sharing system is applied.

## 2. 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 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 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 fiscal year ending March 31, 2025.

This change in accounting policy has been applied retrospectively. As a result, the consolidated financial statements for the previous fiscal year have been restated to reflect this change. This change in accounting policy has no effect on the consolidated financial statements for the previous fiscal year.

## 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, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Other investments and other assets	¥16,561	¥18,094	\$111,147
Allowance for doubtful receivables	¥ (4,167)	¥ (334)	\$ (27,966)

(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, has filed a request for arbitration with the South China International Economic and Trade Arbitration Commission against Shenzhen Yihua Computer Industrial Co., Ltd. (hereinafter "Yihua Industrial"), on October 10, 2015, demanding payment of accounts receivable of RMB1,115,463 thousand or ¥22,967 million (\$154,140 thousand) 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 thousand or ¥22,584 million (\$151,570 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 regarding Case B to the Supreme People's Court on January 5, 2022, but the Supreme People's Court upheld the sentence of the High People's Court of Guangdong Province (original trial) on June 1, 2023 in a ruling that rejected the appeal of Yihua Computer and affiliates.

Given that it was expected to take a considerable amount of time before Yihua Industrial would fulfill the arbitration result of Case A, OBSZ had recorded allowance for doubtful receivables. However, considering the abovementioned status of the lawsuits, we are revising future cash flows and the future period of collection in light of outcomes such as the forced execution of assets held by Yihua Computer and affiliates, including real estate that is protected property (hereinafter "protected real estate") and the fair value of protected real estate. Due to those impacts, provision of allowance for doubtful receivables of ¥3,928 (\$26,362 thousand) was accounted for as selling, general and administrative expenses, and interest income of ¥1,028 million (\$6,899 thousand) was accounted for as non-operating income during the fiscal year under review.

(ii) Calculation method for the amount recognized on the consolidated financial statements for the fiscal year and major assumptions to the calculation

OBSZ has recorded RMB804,367 thousand or ¥16,561 million (\$111,147 thousand) in others under investments and other assets by discounting cash flows for the period that is considered to be required for recovery based on accounts receivable that remain uncollected (hereinafter "discounting cash flows"). Meanwhile, OBSZ estimates RMB202,412 thousand or ¥4,167

million (\$27,966 thousand) to be irrecoverable and added this to allowance for doubtful receivables, by discounting cash flows that are considered recoverable when the outcomes such as the forced execution of assets held by Yihua Computer and affiliates and the fair value of protected real estate are taken into account. Note, the fair value measurement of protected real estate, primarily uses the real estate appraisal values obtained from real estate appraisers.

(iii) Impact on the consolidated financial statements for the next fiscal year

The amount that is estimated to be irrecoverable and the period that is considered to be required for recovery may vary significantly according to the outcomes such as the forced execution of assets held by Yihua Computer and affiliates and the fluctuation in fair value of protected real estate.

## 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, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
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	¥86,833	¥66,309	\$582,771
Of which, for the years ended March 31, 2025, an amount recognized related to construction projects in progress at the end of the period	¥49,303	¥35,026	\$330,892

(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, 2025 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, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets	¥22,031	¥21,547	\$147,859
(Of which, those related to the Company's tax sharing group)	¥21,702	¥21,178	\$145,651

(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.

"With regard to the deferred tax assets of the Company and domestic subsidiaries within the Group that apply the Group tax sharing system (hereinafter "tax sharing group"), the Company has determined corporate classifications based on the "Implementation Guideline on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, October 28, 2022), and records deferred tax assets within the forecast scope of the effects of mitigating the future amount of tax payable based on the estimate of taxable income before adjusting for future temporary differences, etc. within a reasonably estimable period and on the results of scheduling the temporary differences, etc. corresponding to such corporate classification.

When examining the above corporate classifications as of the end of the fiscal year under review, we have judged that such deferred tax assets are recoverable due to rationally founded forecasts of tax income before adjusting for temporary

## Notes to Consolidated Financial Statements [Unaudited]

difference for multiple future years despite the fact that material tax losses have arisen in the past at tax sharing group. This is as a result of considering the cause of such material tax losses, the Medium-Term Business Plan, the status of past achievement of Medium-Term Business Plans, as well as the trend in taxable income and tax losses in the past and in the fiscal year under review. Consequently, the tax sharing group recorded ¥21,702 million (\$145,651 thousand) of deferred tax assets (before offsetting deferred tax liabilities) for the fiscal year under review.

Estimate of taxable income before adjusting for future temporary differences, etc. is based on the next year's business plan, which enlist projections of future net sales and expenses, etc., based on management strategy taking into account past performance and the current business environment, as major assumptions.

(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. Accounting Standards Issued but Not Yet Applied

"Accounting Standard for Leases" (ASBJ Statement No. 34, issued on September 13, 2024)

"Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, issued on September 13, 2024)

### 1. Overview

As part of the initiatives to make Japanese GAAP consistent with international standards, ASBJ conducted a study based on international accounting standards to develop an accounting standard relating to leases that will have lessees recognize assets and liabilities for all leases, and issued an accounting standard for leases, etc. While the basic policy of the standard is based on a single lessee accounting model of IFRS 16, by only adopting the main provisions instead of the whole of IFRS 16, the standard aimed to be simple and highly convenient, basically requiring no revision when applying the provisions of IFRS 16 in non-consolidated financial statements.

For the accounting treatment of lessees, lessees shall adopt the single lessee accounting model as the method to allocate expenses arising from leases. As with IFRS 16, the model shall record depreciation on right-of-use assets and interests on lease liabilities for all leases, regardless of a finance lease or an operating lease.

### 2. Date of application

It will be applied from the beginning of the fiscal year ending March 31, 2028.

### 3. Impact of application

The impact on the "Accounting Standard for Leases" 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, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Notes receivable	¥5,222	¥3,960	\$35,046
Accounts receivable	75,700	75,482	508,053
Contract assets	30,931	34,229	207,590

### 2. Accumulated depreciation for Property, plant and equipment

Accumulated depreciation for Property, plant and equipment at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Accumulated depreciation	¥170,832	¥167,201	\$1,146,523

### 3. Assets pledged as collateral and Liabilities collateralized by the above assets

Assets pledged as collateral at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Investments in securities	¥4,474	¥8,322	\$30,026

Liabilities collateralized by the above assets at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Short-term borrowings	¥2,500	¥3,500	\$16,778

### 4. Investments in unconsolidated subsidiaries and affiliates

Investments in unconsolidated subsidiaries and affiliates at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Investments in securities	¥1,124	¥1,099	\$7,543

### 5. Contract liabilities

The balance of contract liabilities in Other current liabilities at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Contract liabilities	¥6,852	¥6,116	\$45,986

### 6. Liabilities for guarantee

Guarantee for borrowings by employees at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Guarantee for borrowings by employees	¥14	¥21	\$93

### 7. Contingent liabilities

The Company's consolidated subsidiary OKI INDIA PRIVATE LIMITED (hereinafter "OKI India") received a demand for payment of a basic custom duty of INR359 million or ¥629 million (\$4,221 thousand) from the Indian customs authorities.

Although OKI India objected, it received notification on December 27, 2024 stating that its objection had been dismissed.

As OKI India refuses to accept this demand for payment from the authorities, it has filed an objection with the court.

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, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Total overdraft and Commitment Line amount	¥99,593	¥99,073	\$668,409
Amount of borrowing execution balance	19,163	21,213	128,610
Net	¥80,429	¥77,859	\$539,791

## 6. Consolidated Statement of Incomes

### 1. Research and development expenses

Research and development expenses for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Selling, general and administrative expenses	¥10,975	¥12,533	\$73,657

### 2. Impairment losses

The OKI Group has not posted any material impairment losses that should be mentioned for the year ended March 31, 2024.

The OKI Group posted impairment losses of ¥1,834 million (\$12,308 thousand) and major impairment losses are described as follows.

Business	Purpose of use	Type of assets	Millions of yen	Thousands of U.S. dollars
EMS business	Business assets	Buildings and structures	¥173	\$1,161
		Machinery, equipment and vehicle	1,100	7,382
		Tools, furniture and fixtures	96	644
		Construction in progress	106	711
		Intangible assets	12	80

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 EMS 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 based on net sales value or value in use.

As it is difficult to sell the assets, the net realizable value is considered to be zero, and the value in use is calculated by discounting the future cash flows at a rate of 1.0%.

## 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
	2025	2024	2025
Net unrealized holding gain (loss) on other securities:			
Amount arising during the year	(¥298)	¥12,365	(\$2,000)
Reclassification adjustments	(1,407)	(871)	(9,442)
Before tax effect	(1,706)	11,493	(11,449)
Tax effect	408	(3,505)	2,738
Net unrealized holding gain (loss) on other securities	(1,298)	7,988	(8,711)
Gain (loss) on deferred hedges:			
Amount arising during the year	(153)	18	(1,026)
Asset acquisition cost adjustments	—	—	—
Before tax effect	(153)	18	(1,026)
Tax effect	37	3	248
Gain (loss) on deferred hedges	(115)	21	(771)
Translation adjustments:			
Amount arising during the year	312	1,325	2,093
Reclassification adjustments	—	—	—
Before tax effect	312	1,325	2,093
Tax effect	(589)	—	(3,953)
Translation adjustments	(276)	1,325	(1,852)
Retirement benefits liability adjustments:			
Amount arising during the year	(4,393)	11,000	(29,483)
Reclassification adjustments	(1,031)	(652)	(6,919)
Before tax effect	(5,425)	10,347	(36,409)
Tax effect	1,661	(1,558)	11,147
Retirement benefits liability adjustments	(3,763)	8,788	(25,255)
Share of other comprehensive income of entities accounted for using equity method			
Amount arising during the year	(1)	3	(6)
Reclassification adjustments	—	—	—
Share of other comprehensive income of entities accounted for using equity method	(1)	3	(6)
Total other comprehensive income	(¥5,455)	¥18,128	(\$36,610)

## 8. Shareholders' Equity

Matters concerning class and total number of shares outstanding during the years ended March 31, 2025 and 2024 were as follows:

	Thousands of U.S. dollars			
	2025			
	March 31, 2024	Increase in the year	Decrease in the year	March 31, 2025
Shares outstanding:				
Common stock	87,217	—	—	87,217
Total	87,217	—	—	87,217
Treasury stock:				
Common stock	542	1	36	507
Total	542	1	36	507

\*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 U.S. dollars			
	2024			
	March 31, 2023	Increase in the year	Decrease in the year	March 31, 2024
Shares outstanding:				
Common stock	87,217	—	—	87,217
Total	87,217	—	—	87,217
Treasury stock:				
Common stock	598	2	58	542
Total	598	2	58	542

\*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
	2025	2024	2025
Cash and deposits	¥36,865	¥35,044	\$247,416
Fixed deposits with a deposit period of more than 3 months	(529)	(¥499)	(3,550)
Deposits with restrictions on withdrawals	(99)	(122)	(664)
Cash and cash equivalents	¥36,237	¥34,422	\$243,201

## 10. Leases

(Lessee)

Operating lease transactions

The minimum rental commitments under noncancellable operating leases at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Due within one year	¥ 745	¥ 743	\$ 5,000
Due after one year	2,924	3,640	19,624
Total	¥3,670	¥4,383	\$24,630

\* 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.

Financing related liquidity risk is managed by the Finance Department preparing and updating funding plans in a timely manner based on information from each department, and aiming to maintain liquidity on hand.

#### (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 "12. Derivatives" do not indicate market risks related to these transactions.

### 2. Disclosure concerning fair value of financial instruments

As of March 31, 2025 (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		
	2025			2024			2025		
	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(*2)	¥30,882	¥30,893	¥ 11	¥35,736	¥35,748	¥ 11	\$207,261	\$207,335	\$ 73
(2) Long-term trade receivables	—			21,791			—		
Allowance for doubtful receivables (*3)	—			(4,024)			—		
	30,882	30,893	11	17,766	19,017	1,251	207,261	207,335	73
Total assets	30,882	30,893	11	53,503	54,765	1,262	207,261	207,335	73
(1) Long-term borrowings(*4)	75,017	74,951	(65)	73,293	73,624	331	503,469	503,026	(436)
Total liabilities	75,017	74,951	(65)	73,293	73,624	331	503,469	503,026	(436)
Derivative transactions (*5)	¥ (171)	¥ (171)	¥ —	¥ (31)	¥ (31)	¥ —	\$ (1,147)	\$ (1,147)	\$ —

\*1 Notes are omitted on cash and deposits; notes and accounts receivable, and contract assets; notes and accounts payable; short-term borrowings; and accounts payable, others, 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 and contribution in capital for investment partnerships, amounts in the consolidated balance sheet are below) are not included in "(1) Investments in securities."

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unlisted shares	¥7,123	¥7,600	\$47,805
Contribution in capital for investment partnerships	¥375	—	\$2,516

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

\*4 As of March 31, 2025 and 2024, Long-term borrowing (¥18,244 million (\$122,442 thousand) and ¥23,276 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 to Consolidated Financial Statements [Unaudited]

Notes:

1. Redemption schedule for monetary assets and securities with maturity dates as of March 31, 2025 and 2024:

	Millions of yen			
	2025			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and deposits	¥ 36,865	¥ —	¥ —	¥ —
Notes and accounts receivable	99,841	12,374	—	—
Total	¥136,707	¥12,374	¥ —	¥ —

	Millions of yen			
	2024			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and deposits	¥ 35,044	¥ —	¥ —	¥ —
Notes and accounts receivable	108,805	5,310	—	—
Total	¥143,849	¥5,310	¥ —	¥ —

	Thousands of U.S. dollars			
	2025			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and deposits	\$247,416	\$ —	\$ —	\$ —
Notes and accounts receivable	670,073	83,046	—	—
Total	\$917,496	\$83,046	\$ —	\$ —

2. Repayment schedule for long-term borrowings and other interest-bearing debt at of March 31, 2025 and 2024:

	Millions of yen					
	2025					
	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	¥23,146	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term borrowings	18,244	21,403	16,395	12,800	6,175	—
Total	¥41,390	¥21,403	¥16,395	¥12,800	¥6,175	¥ —

	Millions of yen					
	2024					
	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	¥36,736	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term borrowings	23,276	17,944	15,228	10,220	6,625	—
Total	¥60,012	¥17,944	¥15,228	¥10,220	¥6,625	¥ —

	Thousands of U.S. dollars					
	2025					
	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	\$155,342	\$ —	\$ —	\$ —	\$ —	\$ —
Long-term borrowings	122,442	143,644	110,033	85,906	41,442	—
Total	\$277,785	\$143,644	\$110,033	\$85,906	\$41,442	\$ —

### 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

	2025			
	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other negotiable securities				
Equity Securities	¥30,876	¥ —	¥ —	¥30,876
Derivative transactions*	¥ —	(¥171)	¥ —	(¥171)

	2024			
	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other negotiable securities				
Equity Securities	¥35,730	¥ —	¥ —	¥35,730
Derivative transactions*	¥ —	(¥31)	¥ —	(¥31)

\*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.

	2025			
	Fair value (Thousands of U.S. dollars)			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other negotiable securities				
Equity Securities	\$207,221	\$ —	\$ —	\$207,221
Derivative transactions*	\$ —	(\$1,147)	\$ —	(\$1,147)

## Notes to Consolidated Financial Statements [Unaudited]

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

	2025			
	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other negotiable securities				
Golf club memberships	¥ —	¥ 17	¥ —	¥ 17
Long-term borrowings	¥ —	¥74,951	¥ —	¥74,951

	2024			
	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other negotiable securities				
Golf club memberships	¥ —	¥ 17	¥ —	¥ 17
Long-term trade receivables	—	—	19,017	19,017
Long-term borrowings	¥ —	¥73,624	¥ —	¥73,624

	2025			
	Fair value (Thousands of U.S. dollars)			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other negotiable securities				
Golf club memberships	\$ —	\$ 114	\$ —	\$ 114
Long-term borrowings	\$ —	\$503,026	\$ —	\$503,026

#### 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 values of long-term trade receivables are calculated by discounting estimated cash flows, which are considered recoverable from business partners, for a period that is considered to be required for recovery. Based on this, the fair value is categorized in Level 3.

##### Long-term borrowings

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 borrowings with floating interest rates are prescribed to be subject to special accounting treatment applicable to interest rate swaps. Hence, the fair value of a long-term borrowings are 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 borrowings are 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 borrowings as hedged items. Hence, their fair value is included in that of long-term borrowings.

## 12. Securities

### 1. Trading Securities

Not applicable

### 2. Bonds Held to Maturity:

Not applicable

### 3. Other Securities:

Securities at March 31, 2025 and 2024 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		
	2025			2024			2025		
	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	¥30,774	¥19,471	¥11,302	¥34,436	¥21,285	¥13,151	\$206,536	\$130,677	\$75,852
Subtotal	30,774	19,471	11,302	34,436	21,285	13,151	206,536	130,677	75,852
Other securities whose fair value recorded in balance sheet exceeds their acquisition costs:									
Equity securities	107	125	(17)	1,299	1,459	(160)	718	838	(114)
Subtotal	107	125	(17)	1,299	1,459	(160)	718	838	(114)
Total	¥30,882	¥19,597	¥11,285	¥35,736	¥22,745	¥12,991	\$207,261	\$131,523	\$75,738

### 4. Sales of other securities for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen						Thousands of U.S. dollars		
	2025			2024			2025		
	Proceed from sales	Gain on sales	Loss on sales	Proceed from sales	Gain on sales	Loss on sales	Proceed from sales	Gain on sales	Loss on sales
Equity securities	¥4,563	¥1,447	¥42	¥2,378	¥856	¥0	\$30,624	\$9,711	\$281
Total	¥4,563	¥1,447	¥42	¥2,378	¥856	¥0	\$30,624	\$9,711	\$281

### 5. Impairment losses on securities

Year ended March 31, 2024

Not applicable

Year ended March 31, 2025

Not applicable

### 13. Derivatives

Derivative transactions at March 31, 2025 and 2024 were as follows:

#### 1. Derivative transactions which do not qualify for hedge accounting

##### (i) Currency related

	Millions of yen				Thousands of U.S. dollars			
	2025				2025			
	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	¥1,670	¥ —	¥4	¥4	\$11,208	\$ —	\$26	\$26
Buy:								
U.S. dollars	1,099	—	(8)	(8)	7,375	—	(53)	(53)
Total	¥2,770	¥ —	¥(3)	¥(3)	\$18,590	\$ —	\$(20)	\$(20)

	Millions of yen			
	2024			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain / loss
Forward foreign exchange contract:				
Sell:				
Euro	¥1,540	¥ —	¥(173)	¥(173)
Buy:				
U.S. dollars	1,282	—	155	155
Total	¥2,822	¥ —	¥ (18)	¥ (18)

##### (ii) Interest rate related

Not applicable

## 2. Derivative transactions which qualify for hedge accounting

### (i) Currency related

		Millions of yen			Thousands of U.S. dollars		
		2025			2025		
	Hedged item	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	¥5,298	¥ —	¥(143)	\$35,557	\$ —	\$ (959)
Buy:							
U.S. dollars	Accounts payable	7,647	—	(23)	51,322	—	(154)
Total		¥12,945	¥ —	¥(167)	\$86,879	\$ —	\$(1,120)

		Millions of yen		
		2024		
	Hedged item	Contract amount	Contract amount over 1 year	Fair value
Forward foreign exchange contract (Principle-based accounting):				
Sell:				
Euro	Accounts receivable	¥ 8,591	¥ —	¥(258)
Buy:				
U.S. dollars	Accounts payable	7,636	—	244
Total		¥16,227	¥ —	¥ (13)

### (ii) Interest rate related

		Millions of yen			Thousands of U.S. dollars		
		2025			2025		
	Hedged item	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	¥61,457	¥46,279	*	\$412,463	\$310,597	*

  

		Millions of yen		
		2024		
	Hedged item	Contract amount	Contract amount over 1 year	Fair value
Interest rate swaps (Special treatment):				
Pay fixed/ receive floating	Long-term borrowings	¥61,965	¥41,957	*

\* 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, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Retirement benefit obligation at April 1, 2024 and 2023	¥102,173	¥96,879	\$685,724
Service cost	2,495	2,579	16,744
Interest cost	1,300	1,293	8,724
Actuarial gain (loss)	300	804	2,013
Retirement benefit paid	(8,818)	(8,172)	(59,181)
Other	154	(636)	1,033
Retirement benefit obligation at March 31, 2025 and 2024	¥97,605	¥92,748	\$655,067

Note: The beginning balance at April 1, 2024 includes ¥9,424 million (\$63,248 thousand) in retirement benefit obligations for some overseas consolidated subsidiaries.

(2) The changes in plan assets during the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Plan assets at April 1, 2024 and 2023	¥111,520	¥ 93,165	\$748,456
Expected return on plan assets	1,864	1,506	12,510
Actuarial gain (loss)	(4,137)	11,934	(27,765)
Contributions by the Company and subsidiaries	451	464	3,026
Retirement benefits paid	(5,274)	(4,974)	(35,395)
Other	697	—	4,677
Plan assets at March 31, 2025 and 2024	¥105,121	¥102,096	\$705,510

Note: The beginning balance at April 1, 2024 includes ¥9,424 million (\$63,248 thousand) in retirement benefit obligations for some overseas consolidated subsidiaries.

(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, 2025 and 2024 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Funded retirement benefit obligation	¥ 81,826	¥ 76,963	\$ 549,167
Plan assets at fair value	(105,121)	(102,096)	(705,510)
	(23,294)	(25,132)	(156,335)
Unfunded retirement benefit obligation	15,778	15,785	105,892
Net liability for retirement benefits in the balance sheet	¥ (7,516)	¥ (9,347)	\$ (50,442)
Liability for retirement benefits	27,100	27,887	181,879
Asset for retirement benefits	(34,617)	(37,234)	(232,328)
Net asset for retirement benefits in the balance sheet	¥ (7,516)	¥ (9,347)	\$ (50,442)



(4) The components of retirement benefit expense for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Service cost	¥ 2,495	¥ 2,579	\$ 16,744
Interest cost	1,300	1,293	8,724
Expected return on plan assets	(1,864)	(1,506)	(12,510)
Amortization of actuarial gain (loss)	(1,253)	(725)	(8,409)
Amortization of prior service cost	222	72	1,489
Other	(394)	117	(2,644)
Retirement benefit expense	¥ 504	¥ 1,831	\$ 3,382

Note: In addition to the retirement benefit expense related to the above defined benefit plan, as a extra retirement payments, ¥528 million (\$3,544 thousand) were recorded as an extraordinary loss for the year ended March 31, 2025.

(5) The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Prior service cost	¥ 222	¥ 72	\$ 1,489
Actuarial gain (loss)	(5,647)	10,274	(37,899)
Total	¥(5,425)	¥10,347	\$(36,409)

(6) The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrecognized prior service cost	¥ 149	¥ 371	\$ 1,000
Unrecognized actuarial gain (loss)	(233)	(5,880)	(1,563)
Total	¥ (84)	¥(5,509)	\$ (563)

(7) Plan assets

(i) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2025 and 2024 were as follows:

	2025	2024
Bonds	38%	33%
Stocks	32	37
Alternatives	17	18
Other	13	12
Total	100%	100%

Note: 1. Alternatives consist primarily of investments in hedge funds and private equity.

2. The retirement benefit trust consists of 20% of the total plan assets for the year ended March 31, 2025 and 22% of the total plan assets for the year ended March 31, 2024, 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:

	2025	2024
Discount rate	0.9%	0.9%
Expected rate of return on plan assets	1.87%	1.66%

### 3. Defined contribution plan

The Company and domestic consolidated subsidiaries made required contributions to the defined contribution plans of ¥2,026 million (\$13,597 thousand) and ¥2,068 million for the years ended March 31, 2025 and 2024, respectively.

## 15. Stock Option Plan

The stock options outstanding as of March 31, 2025 were as follows:

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

Not applicable.

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

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	12,500 shares	17,300 shares	17,300 shares
Vested	—	—	—
Exercised	3,400 shares	6,900 shares	6,900 shares
Cancelled	—	—	—
Outstanding	9,100 shares	10,400 shares	10,400 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 (\$5.69)	¥1,000 (\$6.62)	¥878 (\$5.81)

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	18,500 shares	24,500 shares
Vested	—	—
Exercised	8,100 shares	10,800 shares
Cancelled	—	—
Outstanding	10,400 shares	13,700 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 (\$6.36)	¥526 (\$3.48)

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 fiscal year ended March 31, 2025.

### 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, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets:			
Loss carryforwards (Note)	¥ 19,607	¥ 22,901	\$ 131,590
Liability for retirement benefits	10,792	11,171	72,429
Accrued bonuses	4,049	4,056	27,174
Write-downs of inventories	2,912	2,679	19,543
Excess of allowance for doubtful receivables and bad debts expenses	1,272	1,191	8,536
Excess depreciation	1,173	1,016	7,872
Asset retirement obligations	960	870	6,442
Provision for loss on construction contracts	909	1,112	6,100
Balance of trust property with retirement benefits	883	801	5,926
Other	4,341	4,650	29,134
Gross deferred tax assets	46,901	50,453	314,771
Valuation allowance for tax loss carryforwards (Note)	(16,672)	(20,530)	(111,892)
Valuation allowance for deductible temporary differences	(8,197)	(8,375)	(55,013)
Less: Valuation allowance	(24,870)	(28,905)	(166,912)
Total deferred tax assets	22,031	21,547	147,859
Deferred tax liabilities:			
Asset for retirement benefits	(10,610)	(11,342)	(71,208)
Write-ups of investments in securities	(4,504)	(5,050)	(30,228)
Net unrealized holding gain (loss) on other securities	(3,520)	(3,928)	(23,624)
Taxable unrealized gain on contribution of securities to a pension trust	(1,816)	(1,866)	(12,187)
Fair-value accounting for associated with the acquisition of a subsidiary	(922)	(940)	(6,187)
Other	(1,513)	(1,497)	(10,154)
Total deferred tax liabilities	(22,889)	(24,625)	(153,617)
Net deferred tax liabilities	¥ (857)	¥ (3,077)	\$ (5,751)

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

	Millions of yen						
	2025						
	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	¥ 838	¥ 1,388	¥ 682	¥ 176	¥ 223	¥ 16,298	¥ 19,607
Less: Valuation allowance	(836)	(1,388)	(682)	(152)	(197)	(13,415)	(16,672)
Deferred tax assets	¥ 2	¥ —	¥ —	¥ 23	¥ 25	¥ 2,882	¥ 2,934

	Millions of yen						
	2024						
	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	¥ 214	¥ 479	¥ 1,323	¥ 631	¥ 479	¥ 19,773	¥ 22,901
Less: Valuation allowance	(214)	(475)	(1,323)	(614)	(471)	(17,429)	(20,530)
Deferred tax assets	¥ —	¥ 3	¥ —	¥ 17	¥ 7	¥ 2,343	¥ 2,371

Thousands of U.S. dollars

	2025						
	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	\$ 5,624	\$ 9,315	\$ 4,577	\$ 1,181	\$ 1,496	\$ 109,382	\$ 131,590
Less: Valuation allowance	(5,610)	(9,315)	(4,577)	(1,020)	(1,322)	(90,033)	(111,892)
Deferred tax assets	\$ 14	\$ —	\$ —	\$ 161	\$ 174	\$ 19,349	\$ 19,698

**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, 2025 and 2024, 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 before income taxes for the years ended March 31, 2025 and 2024 are summarized as follows:**

	2025	2024
Statutory tax rates	30.6%	30.6%
Additions to (deductions from) income taxes resulting from:		
Permanent differences not recognized for tax purposes such as dividends received	(1.2)	(0.9)
Permanent nondeductible differences such as entertainment expenses	4.6	13.7
Increase (decrease) in valuation allowance for deferred tax assets	(13.1)	(80.2)
Per capita portion of inhabitants' taxes	1.9	1.5
Tax credits	(5.7)	(3.4)
Other, net	0.7	(2.4)
Effective tax rates	17.8%	(40.9)%

### 3. Revision of Deferred Tax Assets and Liabilities Due to Change in Applicable Tax Rates

Following the enactment of the "Act Partially Amending the Income Tax Act, etc." (Act No. 13 of 2025) by the National Diet on March 31, 2025, the "Special Corporate Tax for Defense" will be imposed from the consolidated fiscal years beginning on or after April 1, 2026.

Accordingly, with respect to deferred tax assets and deferred tax liabilities related to temporary differences and other items expected to be resolved in the consolidated fiscal years beginning on or after April 1, 2026, the statutory effective tax rate used in their calculation has been changed from 30.6% to 31.5%.

As a result of this change, the amount of deferred tax liabilities (net of deferred tax assets) at the end of the current consolidated fiscal year increased by ¥195 million (\$1,308 thousand).

The deferred income taxes increased by ¥75 million (\$503 thousand), while the net unrealized holding gains (losses) on other securities decreased by ¥99 million (\$664 thousand), the translation adjustments decreased by ¥4 million (\$26 thousand), and the accumulated retirement benefits liability adjustments decreased by ¥15 million (\$100 thousand), respectively.

### 4. 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, and 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 and its domestic consolidated subsidiaries have 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. Business Combination

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### Business Separation

To join ETRIA Co., Ltd. (hereinafter "ETRIA"), a joint venture company for multifunction printer development and production formed on July 1, 2024 by Ricoh Company, Ltd. (hereinafter "Rico") and Toshiba Tec Corporation (hereinafter "Toshiba Tec"), the Company resolved at the Board of Directors meeting held on February 13, 2025 to enter into an agreement stipulating the conditions for integrating business related to printer development and production (hereinafter "Business Integration") through a company split amongst the Company, Rico, and ETRIA with an effective date of October 1, 2025, as well as a shareholders agreement related to the Business Integration with the Company, Rico, and Toshiba Tec, and entered into both agreements on the same day.

#### 1. Overview of business separation

(1) Name of the company to be separated to  
ETRIA Co., Ltd.

(2) Business to be separated  
Business related to the development and production of printers

(3) Reason for the business separation

The Company, with an "enterprising spirit," is committed to providing products that contribute to the development of the information society and aims to contribute to the realization of a comfortable and prosperous life for people around the world, as part of our corporate philosophy. As a Company "Delivering OK! to your life.," we provide value that contributes to solving social issues in the three contribution areas of "safe and convenient social infrastructure," "job satisfaction and productivity enhancement," and "conservation of the global environment." Through our participation in ETRIA, we will promote the integration of technologies, including our LED print head technology, and strengthen our engine development capabilities, which will lead to improved product competitiveness. At the same time, we aim to expand profitability by standardizing engines and key parts, as well as streamlining production and procurement, while building a resilient production system that can flexibly adapt to changes in the environment.

In addition, with regard to new business creation, we expect that by combining the strengths of each participating company in ETRIA, we will be able to generate innovations that would have been impossible to achieve with just our company alone. We will further strive to provide our customers with stable, high-value-added products.

(4) Business separation date  
October 1, 2025

(5) Other items regarding outline of transaction including legal forms  
An absorption-type split method in which the Company is the splitting company and the separated company is the successor company

#### 2. Reportable segments that include the business to be separated

Component Products

## 18. Revenue Recognition

### 1. Information on disaggregation of revenue from contracts with customers

For the year ended March 31	Millions of yen						
	2025						Total
	Reportable segment					Other (Note)	
	Public Solutions	Enterprise Solutions	Component Products	EMS	Subtotal		
<Breakdown of net sales>							
Revenue from contracts with customers	¥130,506	¥177,312	¥75,769	¥65,918	¥449,507	¥448	¥449,956
Other revenue	—	2,491	10	—	2,501	—	2,501
Total net sales	130,506	179,804	75,780	65,918	452,009	448	452,457
<Geographical market>							
Revenue from contracts with customers							
Japan	127,660	169,866	44,892	57,078	399,497	429	399,927
Europe	169	78	18,730	988	19,966	19	19,985
Asia	2,676	7,361	6,085	6,343	22,467	—	22,467
North America	—	—	3,995	1,446	5,441	—	5,441
Others	—	6	2,066	61	2,134	—	2,134
Other revenue							
Japan	—	2,491	10	—	2,501	—	2,501
<Timing of revenue recognition>							
Revenue from contracts with customers							
Revenue recognized at one point in time	30,332	35,461	68,998	62,773	197,566	131	197,697
Revenue recognized over time	¥100,174	¥141,851	¥ 6,771	¥ 3,144	¥251,941	¥317	¥252,258

Note: "Other" includes businesses that are not under the reporting segment, such as service provision.

For the year ended March 31	Millions of yen						
	2024						Total
	Reportable segment					Other (Note)	
	Public Solutions	Enterprise Solutions	Component Products	EMS	Subtotal		
<Breakdown of net sales>							
Revenue from contracts with customers	¥93,977	¥177,401	¥73,400	¥73,889	¥418,669	¥429	¥419,098
Other revenue	—	2,742	13	—	2,756	—	2,756
Total net sales	93,977	180,144	73,413	73,889	421,425	429	421,854
<Geographical market>							
Revenue from contracts with customers							
Japan	91,089	170,976	40,916	65,953	368,936	429	369,365
Europe	129	258	18,690	714	19,792	—	19,792
Asia	2,759	6,064	6,836	6,124	21,784	—	21,784
North America	—	—	3,864	1,071	4,935	—	4,935
Others	—	102	3,092	25	3,220	—	3,220
Other revenue							
Japan	—	2,742	13	—	2,756	—	2,756
<Timing of revenue recognition>							
Revenue from contracts with customers							
Revenue recognized at one point in time	27,267	36,576	66,963	69,685	200,493	62	200,555
Revenue recognized over time	¥66,710	¥140,825	¥ 6,436	¥ 4,204	¥218,176	¥367	¥218,543

Note: "Other" includes businesses that are not under the reporting segment, such as service provision.

## Notes to Consolidated Financial Statements [Unaudited]

	Thousands of U.S. dollars						
	2025						Total
	Reportable segment					Other (Note)	
For the year ended March 31	Public Solutions	Enterprise Solutions	Component Products	EMS	Subtotal		
<Breakdown of net sales>							
Revenue from contracts with customers	\$875,879	\$1,190,013	\$508,516	\$442,402	\$3,016,825	\$3,006	\$3,019,838
Other revenue	—	16,718	67	—	16,785	—	16,785
Total net sales	875,879	1,206,738	508,590	442,402	3,033,617	3,006	3,036,624
<Geographical market>							
Revenue from contracts with customers							
Japan	856,778	1,140,040	301,288	383,073	2,681,187	2,879	2,684,073
Europe	1,134	523	125,704	6,630	134,000	—	134,127
Asia	17,959	49,402	40,838	42,570	150,785	—	150,785
North America	—	—	26,812	9,704	36,516	—	36,516
Others	—	40	13,865	409	14,322	—	14,322
Other revenue							
Japan	—	16,718	67	—	16,785	—	16,785
<Timing of revenue recognition>							
Revenue from contracts with customers							
Revenue recognized at one point in time	203,570	237,993	463,073	421,295	1,325,946	879	1,326,825
Revenue recognized over time	\$672,308	\$ 952,020	\$ 45,442	\$ 21,100	\$1,690,879	\$2,127	\$1,693,006

Note: "Other" includes businesses that are not under the reporting segment, such as service provision.

## 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, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2025	As of April 1, 2024	As of March 31, 2025
Receivables from contracts with customers	¥80,923	¥79,443	\$543,107
Of which, notes receivable	5,222	3,960	35,046
Of which, accounts receivable	75,700	75,482	508,053
Contract assets	30,931	34,299	207,590
Contract liabilities	¥ 6,852	¥ 6,116	\$ 45,986

Note: 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 ¥3,766 million (\$25,275 thousand). The amount of revenue recognized from the performance obligation that was satisfied (or partly satisfied) in the past period has no significance.

3. Contract liabilities are included in "Other current liabilities" under the current liabilities in the consolidated financial statements.

	Millions of yen	
	As of March 31, 2024	As of April 1, 2023
Receivables from contracts with customers	¥79,443	¥70,938
Of which, notes receivable	3,960	4,691
Of which, accounts receivable	75,482	66,246
Contract assets	34,229	23,199
Contract liabilities	¥ 6,116	¥ 7,217

Note: 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 ¥5,167 million (\$34,677 thousand). 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 "Other current liabilities" 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
	2025	2024	2025
Within one year	¥ 68,142	¥45,999	\$457,328
One year to three years	32,701	31,355	219,469
Over three years	2,626	2,464	17,624
Unsatisfied performance obligation total	¥103,470	¥79,818	\$694,429

## 19. 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 four reportable segments: the Public Solutions Business, the Enterprise Solutions Business, the Component Products Business, and the EMS Business. Each of them plans comprehensive strategies for their main product lines in domestic and overseas markets and is engaged in its business activities.

The main products and services of each reportable segments are described into Business overview.

(2) Calculation method of net sales, profit or loss, assets, liabilities and other items on each reporting segment

The accounting policies of the reportable segments are the same as those described in the "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, 2025 and 2024 and for the years then ended were as follows:

For the year ended March 31	Millions of yen								
	2025					Other	Total	Adjustments	Consolidated
	Segments								
	Public Solutions	Enterprise Solutions	Component Products	EMS	Subtotal				
Sales to third parties	¥130,506	¥179,804	¥75,780	¥65,918	¥452,009	¥ 448	¥452,457	¥ —	¥452,457
Inter-segment sales and transfers	6,474	332	6,630	557	13,995	10,395	24,390	(24,390)	—
Net sales	136,981	180,137	82,410	66,476	466,004	10,843	476,848	(24,390)	452,457
Segment income (loss)	14,093	13,108	2,929	(803)	29,328	(1,453)	27,875	(9,247)	18,627
Total assets	100,417	121,420	56,558	67,696	346,093	10,888	356,982	53,982	410,965
Depreciation and amortization	1,899	3,672	2,433	2,921	10,927	348	11,275	1,912	13,187
Investments in equity-method affiliates	1,124	—	—	—	1,124	—	1,124	—	1,124
Increase in property, plant, equipment and intangible assets	¥ 2,966	¥ 5,850	¥ 2,521	¥ 2,888	¥ 14,226	¥ 604	¥ 14,831	¥ 4,005	¥ 18,836

## Notes to Consolidated Financial Statements [Unaudited]

For the year ended March 31	Millions of yen								
	2024								
	Segments					Other	Total	Adjustments	Consolidated
	Public Solutions	Enterprise Solutions	Component Products	EMS	Subtotal				
Sales to third parties	¥93,977	¥180,144	¥73,413	¥73,889	¥421,425	¥ 429	¥421,854	¥ —	¥421,854
Inter-segment sales and transfers	4,376	391	6,180	594	11,543	9,522	21,066	(21,066)	—
Net sales	98,354	180,535	79,594	74,483	432,968	9,952	442,920	(21,066)	421,854
Segment income (loss)	4,443	21,960	565	1,118	28,088	(1,100)	26,988	(8,295)	18,692
Total assets	82,086	140,527	55,089	76,028	353,732	9,367	363,099	60,299	423,399
Depreciation and amortization	1,763	3,309	2,846	3,126	11,045	276	11,321	1,911	13,233
Investments in equity-method affiliates	1,099	—	—	—	1,099	—	1,099	—	1,099
Increase in property, plant, equipment and intangible assets	¥ 2,888	¥ 4,785	¥ 1,805	¥ 4,030	¥ 13,510	¥ 140	¥ 13,651	¥ 2,515	¥ 16,166

For the year ended March 31	Thousands of U.S. dollars								
	2025								
	Segments					Other	Total	Adjustments	Consolidated
	Public Solutions	Enterprise Solutions	Component Products	EMS	Subtotal				
Sales to third parties	\$875,879	\$1,206,738	\$508,590	\$442,402	\$3,033,617	\$ 3,006	\$3,036,624	\$ —	\$3,036,624
Inter-segment sales and transfers	43,449	2,228	44,496	3,738	93,926	69,765	163,691	(163,691)	—
Net sales	919,335	1,208,973	553,087	446,147	3,127,543	72,771	3,200,322	(163,691)	3,036,624
Segment income (loss)	94,583	87,973	19,657	(5,389)	196,832	(9,751)	187,080	(62,060)	125,013
Total assets	673,939	814,899	379,583	454,335	2,322,771	73,073	2,395,852	362,295	2,758,154
Depreciation and amortization	12,744	24,644	16,328	19,604	73,335	2,335	75,671	12,832	88,503
Investments in equity-method affiliates	7,543	—	—	—	7,543	—	7,543	—	7,543
Increase in property, plant, equipment and intangible assets	\$ 19,906	\$ 39,261	\$ 16,919	\$ 19,382	\$ 95,476	\$ 4,053	\$ 99,536	\$ 26,879	\$ 126,416

Note: 1. "Other" includes businesses that are not under the reporting segment, such as service provision.

2. Details of adjustment are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Segment income (loss)			
Elimination of intersegment transactions	¥ 494	¥ 247	\$ 3,315
Corporate expense*	(9,658)	(8,474)	(64,818)
Adjustment to non-current assets	(83)	(68)	(557)
Total	¥(9,247)	¥(8,295)	\$(62,060)

\* 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
	2025	2024	2025
Total assets			
Elimination of intersegment transactions	¥(106,667)	¥(112,874)	\$ (715,885)
Corporate assets*	162,846	175,288	1,092,926
Adjustment to non-current assets	(2,196)	(2,113)	(14,738)
Total	¥ 53,982	¥ 60,299	\$ 362,295

\* 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
	2025	2024	2025
Depreciation and amortization			
Depreciation expense for corporate assets	¥2,206	¥2,206	\$14,805
Adjustment to non-current assets	(293)	(294)	(1,966)
Total	¥1,912	¥1,911	\$12,832

  

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Increase in property, plant, equipment and intangible assets			
Corporate assets	¥4,414	¥2,880	\$29,624
Adjustment to non-current assets	(409)	(365)	(2,744)
Total	¥4,005	¥2,515	\$26,879

3. Segment income (loss) were reconciled to operating income (loss) in the consolidated statements of income.

## 2. Related information

Related information as of March 31, 2025 and 2024 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
	2025	2024	2025
Japan	¥402,428	¥372,121	\$2,700,859
Europe	19,985	19,792	134,127
Asia	22,467	21,784	150,785
North America	5,441	4,935	36,516
Other	2,134	3,220	14,322
Total	¥452,457	¥421,854	\$3,036,624

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

#### (ii) Property, plant and equipment

Since the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment 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
	2025	2024	2025
Public Solutions	¥ —	¥ —	\$ —
Enterprise Solutions	—	—	—
Component Products	—	—	—
EMS	1,593	—	10,691
Other	241	—	1,617
Company-wide	—	—	—
Total	¥1,834	* —	\$12,308

\* Year ended March 31, 2024, the disclosure is omitted due to immateriality.

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

Year ended March 31, 2024

The disclosure is omitted due to immateriality.

Year ended March 31, 2025

Not applicable

## Notes to Consolidated Financial Statements [Unaudited]

### 5. Information on gain on negative goodwill by each reporting segment

Year ended March 31, 2024

The disclosure is omitted due to immateriality.

Year ended March 31, 2025

Not applicable

## 20. Amounts per share

	Yen		U.S. dollars
	2025	2024	2025
Net assets per share	¥1,679.42	¥1,628.78	\$11.27
Basic earnings per share	143.93	295.93	0.96
Diluted earnings per share	¥ 143.83	¥ 295.61	\$ 0.96

\*1 Basic and diluted earnings per share were calculated on the basis of the following data.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Basic earnings per share			
Profit attributable to owners of parent	¥12,479	¥25,649	\$83,751
Amounts not attributable to common stock	—	—	—
Profit attributable to owners of parent related to common stock	¥12,479	¥25,649	\$83,751
Weighted-average number of shares of common stock during the period (thousand shares)	86,706	86,672	
Diluted earnings per share			
Profit attributable adjustment to owners of parent	—	—	—
Increase in number of common stocks (thousand shares)	59	94	
Outline of the residual securities excluded from the calculation of the fully diluted net income per share because they have no dilutive effects	—	—	

\*2 Net assets per share were calculated on the basis of the following data.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Total net assets	¥145,745	¥141,314	\$978,154
Amounts deducted from total net assets	¥ 122	¥ 139	\$ 818
(Subscription rights to shares)	¥ (44)	¥ (73)	\$ (295)
(Non-controlling interests)	¥ (78)	¥ (65)	\$ (523)
Net assets at the year end to common stock	¥145,622	¥141,174	\$977,328
Common stock at the year end used to calculated of the net assets per share (thousand shares)	86,710	86,675	\$581,946

## 21. Consolidated Supplementary Schedules

### 1. Schedule of company bonds

Not applicable

### 2. Schedule of borrowings, etc.

	Millions of yen				Thousands of U.S. dollars	
	2025				2025	
	Balance at March 31, 2024	Balance at March 31, 2025	Average interest rate	Term of payment	Balance at March 31, 2024	Balance at March 31, 2025
Short-term borrowings	¥ 36,736	¥ 23,146	1.9%	—	\$246,550	\$155,342
Long-term borrowings (Within 1 year)	23,276	18,244	1.3	—	156,214	122,442
Lease obligations (Within 1 year)	3,282	2,805	—	—	22,026	18,825
Long-term borrowings (Over 1 year)	50,017	56,733	1.6	2026–2030	335,684	380,758
Lease obligations (Over 1 year)	5,119	4,839	—	2026–2035	34,355	32,476
Total	¥118,431	¥105,808	—	—	\$794,838	\$710,120

Note: 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 5 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			
	2025				2025			
	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	¥21,403	¥16,395	¥12,800	¥6,175	\$143,644	\$110,033	\$85,906	\$41,442
Lease obligations	1,638	975	721	634	10,993	6,543	4,838	4,255

### 3. Schedule of Asset Retirement Obligations

Note is omitted since the amount of asset retirement obligations at the beginning and end of the year ended March 31, 2025 were less than 1 / 100th of the total amount of liabilities and net assets at the beginning and end of the year ended March 31, 2025.



Oki Electric Industry Co., Ltd.