

Q&A Session Summary of FY2025 Financial Results and New Management Plan 2031 Briefing

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Format: Online broadcast from OKI headquarters

Presenter and respondent: Takahiro Mori, President and CEO

(Questioner A)

Q1: Regarding investment under the New Management Plan 2031, could you explain your approach to capital expenditures in the latter three years, by core business and high-growth markets?

A1: For core businesses, we plan to invest mainly in Financial Solutions and Public Solutions. In particular, for defense, we are planning investments to expand production capacity. In high-growth markets, we believe new capital investment is necessary in semiconductor-related CFB.

(Questioner B)

Q2: Regarding the earnings forecast for the fiscal year ending March 2027, could you explain the factors behind the year-on-year increase or decrease in the Public Solutions segment?

A2: Public Solutions consists of the Social Infrastructure Solutions business, Network Infrastructure business, and Defense Systems business. In terms of sales, the Social Infrastructure Solutions business will decline due to the reversal of firefighting orders booked in the previous fiscal year, while the Defense Systems business is expected to expand steadily. The main reason for the decline in operating profit is the decrease in firefighting orders and changes in the order mix.

Q3: Could you tell us your future sales growth image for the Defense Systems business?

A3: We expect growth of just under 10% year on year in fiscal 2026. A new building under construction at the Numazu Plant is scheduled to start operation during fiscal 2027, and production capacity for underwater acoustic products is expected to increase to about 1.5 times. Demand remains strong, and we intend to expand production capacity through capital investment in line with future defense capability development plans, growing step by step.

Q4: Regarding the earnings forecast for the fiscal year ending March 2027, could you explain the main factors behind the significant year-on-year increase in profit in the Components & Manufacturing segment?

A4: There are mainly two factors. In the components business, we expect continued demand expansion due to market recovery and other factors. In the printer business, we expect the benefits of structural reforms, including participation in Etria.

Q5: Regarding sales and operating profit by segment, could you explain the thinking behind disclosing target figures?

A5: At present, we are not disclosing target figures for fiscal 2028 or fiscal 2031 by segment. The New Management Plan 2031 was formulated not as a conventional accumulation-based plan, but as a plan to transform our corporate structure and become a company capable of growth six years from now. We intend to disclose information in line with progress on future measures.

Q6: FY2031 sales for the Financial Solutions segment are over 250 billion yen, but does this include the impact of the ATM joint venture with Hitachi, Ltd. scheduled for establishment in October 2026?

A6: The FY2031 sales figure includes the impact of establishing the ATM joint venture with Hitachi, Ltd. The sales growth from FY2025 onward is due to the joint venture.

(Questioner C)

Q7: Could you tell us the timing of the launch of the Advanced Components business?

A7: For Advanced Components, we expect major results to emerge from FY2030 onward. We will start mass production of CFB in FY2026, and in the future we intend to grow this business significantly. In addition, to strengthen our efforts in high-growth markets in line with the launch of Advanced Components, the components business utilizing our proprietary high-layer printed circuit board and flexible board technologies will also be operated as an integrated part of the Advanced Components business.

Q8: Regarding the FY2026 earnings forecast, is the impact of the Middle East situation factored in?

A8: At this stage, it is not factored in. However, impacts are beginning to emerge in areas such as parts procurement, and we are closely monitoring the situation. If an impact on the earnings forecast is expected, we will disclose the information appropriately.

(Questioner D)

Q9: Regarding the segment changes accompanying the start of the New Management Plan 2031, could you explain why the former Components Products segment and EMS segment were reclassified into a single segment again, and how you plan to disclose sub-segment information going forward?

A9: The segment reorganization is intended to emphasize scale and to launch the Advanced Components business. We are assuming the utilization of resources and assets held. Regarding disclosure of sub-segment information, we will explain again by setting up another opportunity to discuss matters such as strategies by business.

Q10: Regarding the Financial Solutions segment, over the six years of the New Management Plan, will you also accelerate capital investment?

A10: As for capital investment, it is almost complete. We believe it is necessary to utilize and streamline existing production sites. Even in a market environment where cashless transactions are advancing, there are still

sufficient business opportunities, and we believe our mission is to protect Japan's cash infrastructure. As for overseas expansion, we will work on business development centered on India in line with the spread of recycling ATMs.

Q11: The profitability of the Public Solutions segment in FY2031 shows only limited improvement from the current level. Are you taking a conservative view?

A11: We are taking a somewhat conservative view, but due to the nature of the market, we believe a sharp improvement in profitability is difficult. As a manufacturer, by maintaining and improving product quality and being recognized for that, we believe profitability can be improved through steady accumulation.

(Questioner E)

Q12: You have been promoting innovation activities and mindset reform up to now. Could you tell us how you will evolve these efforts in the future and what kind of talent you plan to increase?

A12: Our past innovation activities involved everyone and produced a certain level of results. Going forward, we will increase opportunities for learning and practice in order to develop Future Designers. We will also review office environments and employee benefits. In addition, we aim to increase the number of next-generation management candidates to around 300. Through cultural reform, we will drive transformation across the entire company.

(Questioner F)

Q13: You mentioned enhancing ATM services earlier. Could you tell us how you view future customer needs and service expansion?

A13: We believe ATMs will evolve from machines that simply dispense and accept cash into points of contact and services related to money. We aim to develop comprehensive services that combine hardware, system integration, and operational support, including needs for improving efficiency in cash handling, outsourcing including unmanned stores, and overall operations.

(Questioner G)

Q15: Related to the previous question, could you tell us whether there are any partners for outsourcing?

A15: No specific partner has been decided yet. However, many companies have shown interest, and we are at the stage of starting consideration. In the context of financial institution restructuring and joint operations, we intend to move forward with discussions going ahead.

(Note) The forecasts and outlooks in this document are based on information available at the present time and certain assumptions deemed reasonable. Accordingly, actual results may differ due to various factors. While the content reflects actual exchanges, parts have been edited for ease of understanding.