

(Translation)

Summary of Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2024 (J-GAAP)

November 8, 2023

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

Securities Code: 6703

Stock Exchange Listing: Tokyo Stock Exchange

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

Representative: Takahiro Mori, Representative Director, Chief Executive Officer

Contact: Hideaki Sato, General Manager, Investor Relations

TEL: +81-3-5635-8212

Filing of Quarterly Securities Report (Scheduled): November 14, 2023

Commencement of Dividend Payment (Scheduled): –

Supplementary Document on Quarterly Financial Results: Yes

Quarterly Financial Results Briefing: Yes (for institutional investors)

(Amounts less than one million yen have been truncated)

1. Consolidated Financial Results for the Six Months Ended September 30, 2023

(from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentage figures indicate year-on-year change)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|--|-----------------|-----|------------------|---|-----------------|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Six months ended September 30, 2023 | 174,852 | 7.4 | 1,003 | – | 478 | – | 284 | – |
| September 30, 2022 | 162,756 | 1.8 | (3,985) | – | (4,933) | – | (5,659) | – |

(Note) Comprehensive income Six months ended September 30, 2023: ¥5,598 million (–%)
Six months ended September 30, 2022: ¥(5,438) million (–%)

| | Basic earnings per share | Diluted earnings per share |
|--|--------------------------|----------------------------|
| | Yen | Yen |
| Six months ended September 30, 2023 | 3.28 | 3.28 |
| September 30, 2022 | (65.33) | – |

(2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio |
|-----------------------------|-----------------|-----------------|----------------------------|
| | Millions of yen | Millions of yen | % |
| As of September 30, 2023 | 390,528 | 103,130 | 26.4 |
| As of March 31, 2023 | 390,425 | 99,279 | 25.4 |

(Reference) Shareholders' equity As of September 30, 2023: ¥102,987 million
As of March 31, 2023: ¥99,088 million

2. Dividends

| | Dividend per share | | | | |
|--|--------------------|--------------------|-------------------|----------|-------|
| | First quarter-end | Second quarter-end | Third quarter-end | Year-end | Total |
| Fiscal year ended March 31, 2023 | – | 0.00 | – | 20.00 | 20.00 |
| Fiscal year ending March 31, 2024 | – | 0.00 | – | – | – |
| Fiscal year ending March 31, 2024 (Projection) | – | – | – | 30.00 | 30.00 |

(Note) Revisions to dividend projection most recently announced: None

3. Consolidated Results Projection for the Fiscal Year Ending March 31, 2024
(from April 1, 2023 to March 31, 2024)

(Percentage figures indicate year-on-year change)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Basic earnings per share |
|-----------|-----------------|------|------------------|-------|-----------------|---|---|---|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 440,000 | 19.2 | 15,000 | 524.2 | 12,500 | — | 8,000 | — | 92.31 |

(Note) Revisions to operating results projection most recently announced: None

Notes:

- (1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Application of accounting procedures specific to quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatements
 - 1) Changes in accounting policies in accordance with revision of accounting standards, etc.: None
 - 2) Any changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Restatements: None
- (4) Number of shares issued (common stock)
 - 1) Number of shares issued at the end of the period (including treasury shares)
 - As of September 30, 2023: 87,217,602 shares
 - As of March 31, 2023: 87,217,602 shares
 - 2) Number of treasury shares at the end of the period
 - As of September 30, 2023: 541,065 shares
 - As of March 31, 2023: 598,803 shares
 - 3) Average number of shares during the period
 - Six months ended September 30, 2023: 86,669,469 shares
 - Six months ended September 30, 2022: 86,619,749 shares

Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

Explanation regarding appropriate use of results projection and other special notes

(Warning on forward-looking statements)

The forward-looking statements including the projection for the financial results contained in this document are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable, and actual results may differ from such statements due to a variety of factors. For the conditions assumed for the results projection and notes on the use of such projections, please refer to “(3) Forward-Looking Statements Including Projection for Consolidated Operating Results and Other” of “1. Qualitative Information on Financial Results for the Period” on page 5 of the Attachment.

(How to obtain supplementary document on financial results)

The Company is scheduled to hold a financial results briefing for institutional investors on November 8, 2023 (Wednesday). The document on financial results is disclosed on TDNet at the same time as this Summary of Consolidated Financial Results and is also made available on the Company’s website on the same day.

Contents of the Attachment

| | |
|--|----|
| 1. Qualitative Information on Financial Results for the Period | 2 |
| (1) Operating Results..... | 2 |
| (2) Financial Position | 4 |
| (3) Forward-Looking Statements Including Projection for Consolidated Operating Results and Other | 5 |
| 2. Consolidated Financial Statements and Significant Notes Thereto | 6 |
| (1) Consolidated Balance Sheets | 6 |
| (2) Consolidated Statements of Income and Comprehensive Income | 7 |
| Consolidated Statements of Income | |
| (For the Six Months Ended September 30, 2022 and 2023) | 7 |
| Consolidated Statements of Comprehensive Income | |
| (For the Six Months Ended September 30, 2022 and 2023) | 8 |
| (3) Consolidated Statements of Cash Flows | 9 |
| (4) Notes to Consolidated Financial Statements..... | 10 |
| (Going Concern Assumption) | 10 |
| (Significant Changes in Shareholders' Equity)..... | 10 |
| (Additional Information) | 10 |
| (Segment Information)..... | 11 |

1. Qualitative Information on Financial Results for the Period

(1) Operating Results

1) Overview of the first half of the fiscal year ending March 31, 2024 (April 1, 2023 to September 30, 2023)

Due to the relaxation of measures against the COVID-19 pandemic, there has been a normalization of economic activity. However, the future remains uncertain due to factors such as rising resource prices leading to inflation, the progression of inflation and financial tightening primarily in Western countries, and the geopolitical risks associated with the situation in Ukraine.

Given this state of affairs, the OKI Group has formulated a new Medium-term Business Plan 2025 and updated its materiality. To further clarify the relationship between our materiality and business, we have established Six contribution areas: “safe and convenient social infrastructure,” “job satisfaction and productivity enhancement,” and “conservation of global environment.” As a company dedicated to maintaining social infrastructure without interruptions, OKI is committed to providing value that addresses social issues in these Six contribution areas.

Net sales for the first half of the fiscal year ending March 31, 2024 were ¥174.9 billion (a ¥12.1 billion, or 7.4%, increase year-on-year). This increase owed to reduction of the impact of the production decline caused by the component shortage and an increase in the volume of large-scale projects started.

On the profit front, operating income was ¥1.0 billion (a year-on-year improvement of ¥5.0 billion) due to increased sales, despite the impact of cost hikes due to the components procured in the previous fiscal year and rising personnel costs. Even excluding the one-time gain of ¥4.3 billion from the reversal of allowance for doubtful accounts for ATM claims in China, which was recorded in the first quarter of the fiscal year, income increased year-on-year.

Ordinary income was ¥0.5 billion (a year-on-year improvement of ¥5.4 billion) due to improvement in foreign exchange gains and losses.

Profit attributable to owners of parent was ¥0.3 billion (a year-on-year improvement of ¥6.0 billion).

| (Billions of yen) | Six months ended September 30, 2023 | Six months ended September 30, 2022 | Year-on-year change rate |
|---|--|--|--------------------------|
| Net sales | 174.9 | 162.8 | 7.4 % |
| Operating income (loss) | 1.0 | (4.0) | – |
| Ordinary income (loss) | 0.5 | (4.9) | – |
| Profit (loss) attributable to owners of parent | 0.3 | (5.7) | – |

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

Please note that from the first quarter of the fiscal year ending March 31, 2024, the categorization of the reportable segments has been changed. Figures for the first quarter of the previous fiscal year were reorganized under the new segment classification for year-on-year comparisons.

2) Results by business segment

<Public Solutions>

Segment net sales came to ¥39.3 billion (a ¥0.1 billion, or 0.3%, increase year-on-year) and operating loss was ¥0.8 billion (a deterioration of ¥0.2 billion year-on-year). Defense continued to increase from the first quarter. Besides while there was an increase in the areas of road, firefighting, and disaster prevention, there was a decline in communication carrier projects.

| (Billions of yen) | Six months ended September 30, 2023 | Six months ended September 30, 2022 | Year-on-year change rate |
|------------------------|--|--|--------------------------|
| Net sales | 39.3 | 39.2 | 0.3 % |
| Operating income(loss) | (0.8) | (0.6) | – |

<Enterprise Solutions>

Segment net sales totaled ¥63.9 billion (a ¥16.1 billion, or 33.9%, increase year-on-year). This increase year-on-year owed to reduced supply chain impacts and large-scale projects.

Segment operating income was ¥3.9 billion (a year-on-year improvement of ¥6.6 billion). Although the impact of increased material costs remained, profit increased year-on-year due to an increase in the volume of goods and a one-time gain from the reversal of allowance for doubtful accounts.

| (Billions of yen) | Six months ended September 30, 2023 | Six months ended September 30, 2022 | Year-on-year change rate |
|------------------------|--|--|--------------------------|
| Net sales | 63.9 | 47.8 | 33.9 % |
| Operating income(loss) | 3.9 | (2.7) | — |

<Component Products>

Segment net sales came to ¥34.9 billion (a ¥6.0 billion, or 14.7%, decrease year-on-year), and operating income was ¥0.5 billion (a ¥1.0 billion, or 70.0%, decrease year-on-year). Although the profit in IoT improved due to the decrease in the impact of soaring material prices, in the printer business, sluggish demand overseas and excessive distribution inventories had a significant impact on sales. As a result, the segment posted a year-on-year decrease in both net sales and operating income.

| (Billions of yen) | Six months ended September 30, 2023 | Six months ended September 30, 2022 | Year-on-year change rate |
|------------------------|--|--|--------------------------|
| Net sales | 34.9 | 40.9 | (14.7) % |
| Operating income(loss) | 0.5 | 1.5 | (70.0) % |

<EMS>

Segment net sales were ¥36.5 billion (a ¥1.8 billion, or 5.2%, increase year-on-year), and operating income was ¥0.9 billion (a ¥0.4 billion, or 86.2%, increase year-on-year). Both increased year-on-year, mainly due to reduced supply chain impact. Although there was a sense of stagnation in some markets due to the semiconductor market conditions and the economic slowdown in China, this was offset by other solid markets.

| (Billions of yen) | Six months ended September 30, 2023 | Six months ended September 30, 2022 | Year-on-year change rate |
|------------------------|--|--|--------------------------|
| Net sales | 36.5 | 34.7 | 5.2 % |
| Operating income(loss) | 0.9 | 0.5 | 86.2 % |

<Others>

Segment net sales came to ¥0.2 billion (equivalent to the previous year, a year-on-year decrease of 6.7%). The operating loss amounted to ¥0.4 billion (a deterioration of ¥0.6 billion year-on-year).

| (Billions of yen) | Six months ended September 30, 2023 | Six months ended September 30, 2022 | Year-on-year change rate |
|------------------------|--|--|--------------------------|
| Net sales | 0.2 | 0.2 | (6.7) % |
| Operating income(loss) | (0.4) | 0.2 | — |

(2) Financial Position

1) Assets, liabilities, net assets, etc., at the end of the first half of the fiscal year ending March 31, 2024

As of September 30, 2023, total assets were ¥390.5 billion, up by ¥0.1 billion from the end of the previous fiscal year. Shareholders' equity increased by ¥3.9 billion from the end of the previous fiscal year to ¥103.0 billion, mainly due to the payment of ¥1.7 billion in ordinary dividends, while accumulated other comprehensive income improved by ¥5.3 billion. As a result, the shareholders' equity ratio stood at 26.4%.

Major changes in assets included a decrease of ¥9.0 billion in notes and accounts receivable—trade and contract assets and an increase of ¥9.8 billion in inventories.

In terms of liabilities, notes and accounts payable—trade have primarily decreased by ¥5.6 billion while borrowings have increased by ¥6.4 billion. Borrowings at the end of the first half of the fiscal year ending March 31, 2024 amounted to ¥124.4 billion.

2) Cash flow for the first half of the fiscal year ending March 31, 2024

For the period under review, net cash used through operating activities amounted to ¥1.0 billion (¥12.3 billion for the same period of the previous fiscal year) and was primarily impacted by growth in working capital.

Net cash used in investing activities came to ¥10.2 billion (versus ¥10.4 billion), mainly because of purchases of non-current assets.

As a result, free cash flow (operating cash flow plus investing cash flow) was a negative ¥11.2 billion (versus a negative ¥22.7 billion).

Net cash provided by financing activities was ¥1.1 billion (compared with ¥19.0 billion in the previous year). Proceeds from borrowings were the main source of cash.

Owing to these factors, plus the ¥1.4 billion positive impact of exchange rate changes on cash and cash equivalents, the balance of cash and cash equivalents at the end of the second quarter of the fiscal year ending March 31, 2024 amounted to ¥28.8 billion, down from ¥37.5 billion at the end of the previous fiscal year.

(3) Forward-Looking Statements Including Projection for Consolidated Operating Results and Other

With respect to the full-year earnings forecast for the fiscal year ending March 31, 2024, as the results for the first half were generally within the range of expectations, the figures announced on August 10, 2023 remain unchanged. In the event that a significant deviation from the figures in the plan is observed, the Company will promptly disclose this after having examined factors such as future exchange rate fluctuations and market trends.

(Warning on forward-looking statements)

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

2. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2023 | As of September 30, 2023 |
|--|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 37,746 | 29,022 |
| Notes and accounts receivable - trade, and contract assets | 94,598 | 85,550 |
| Finished goods | 20,224 | 24,860 |
| Work in process | 21,135 | 22,636 |
| Raw materials and supplies | 35,076 | 38,720 |
| Other | 21,467 | 20,307 |
| Allowance for doubtful accounts | (57) | (42) |
| Total current assets | 230,191 | 221,055 |
| Non-current assets | | |
| Property, plant and equipment | 60,959 | 60,064 |
| Intangible assets | 16,349 | 15,696 |
| Investments and other assets | | |
| Investment securities | 34,115 | 40,250 |
| Other | 48,810 | 53,462 |
| Total investments and other assets | 82,925 | 93,712 |
| Total non-current assets | 160,234 | 169,473 |
| Total assets | 390,425 | 390,528 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 60,653 | 55,142 |
| Short-term borrowings | 86,714 | 82,584 |
| Provisions | 5,044 | 4,790 |
| Other | 52,839 | 50,390 |
| Total current liabilities | 205,252 | 192,907 |
| Non-current liabilities | | |
| Long-term borrowings | 31,268 | 41,855 |
| Provision for retirement benefits for directors (and other officers) | 121 | 84 |
| Other provisions | 1,281 | 1,290 |
| Retirement benefit liability | 30,906 | 30,441 |
| Other | 22,317 | 20,819 |
| Total non-current liabilities | 85,894 | 94,490 |
| Total liabilities | 291,146 | 287,398 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 44,000 | 44,000 |
| Capital surplus | 18,994 | 18,960 |
| Retained earnings | 49,705 | 48,257 |
| Treasury shares | (841) | (760) |
| Total shareholders' equity | 111,858 | 110,457 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,077 | 5,365 |
| Deferred gains or losses on hedges | (32) | 104 |
| Foreign currency translation adjustment | (8,341) | (7,331) |
| Remeasurements of defined benefit plans | (5,473) | (5,607) |
| Total accumulated other comprehensive income | (12,770) | (7,469) |
| Share acquisition rights | 121 | 73 |
| Non-controlling interests | 69 | 68 |
| Total net assets | 99,279 | 103,130 |
| Total liabilities and net assets | 390,425 | 390,528 |

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)
(For the Six Months Ended September 30, 2022 and 2023)

(Millions of yen)

| | Six months ended September 30, 2022 | Six months ended September 30, 2023 |
|--|--|--|
| Net sales | 162,756 | 174,852 |
| Cost of sales | 124,695 | 135,315 |
| Gross profit | 38,061 | 39,536 |
| Selling, general and administrative expenses | 42,046 | 38,532 |
| Operating profit (loss) | (3,985) | 1,003 |
| Non-operating income | | |
| Interest income | 71 | 299 |
| Dividend income | 720 | 787 |
| Miscellaneous income | 296 | 743 |
| Total non-operating income | 1,089 | 1,830 |
| Non-operating expenses | | |
| Interest expenses | 842 | 1,076 |
| Commission for syndicated loans | 2 | 505 |
| Miscellaneous expenses | 1,192 | 773 |
| Total non-operating expenses | 2,037 | 2,355 |
| Ordinary profit (loss) | (4,933) | 478 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | — | 1,197 |
| Total extraordinary losses | — | 1,197 |
| Loss before income taxes | (4,933) | (718) |
| Income taxes - current | 981 | 827 |
| Income taxes - deferred | (268) | (1,840) |
| Total income taxes | 712 | (1,013) |
| Profit (loss) | (5,646) | 294 |
| Profit attributable to non-controlling interests | 12 | 10 |
| Profit (loss) attributable to owners of parent | (5,659) | 284 |

(Consolidated Statements of Comprehensive Income)
(For the Six Months Ended September 30, 2022 and 2023)

(Millions of yen)

| | Six months ended September 30, 2022 | Six months ended September 30, 2023 |
|--|--|--|
| Profit (loss) | (5,646) | 294 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (379) | 4,288 |
| Deferred gains or losses on hedges | 26 | 136 |
| Foreign currency translation adjustment | 558 | 1,013 |
| Remeasurements of defined benefit plans, net of tax | 1 | (134) |
| Total other comprehensive income | 207 | 5,303 |
| Comprehensive income | (5,438) | 5,598 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (5,454) | 5,585 |
| Comprehensive income attributable to non-controlling interests | 16 | 13 |

(3) Consolidated Statements of Cash Flows

(Millions of yen)

| | Six months ended September 30, 2022 | Six months ended September 30, 2023 |
|---|--|--|
| Cash flows from operating activities | | |
| Loss before income taxes | (4,933) | (718) |
| Depreciation | 5,867 | 6,587 |
| Increase (decrease) in provisions | 398 | (9,049) |
| Interest and dividend income | (792) | (1,087) |
| Interest expenses | 842 | 1,076 |
| Loss (gain) on disposal of non-current assets | 82 | 1,170 |
| Decrease (increase) in trade receivables | 22,603 | 14,661 |
| Decrease (increase) in inventories | (21,787) | (7,253) |
| Increase (decrease) in trade payables | (11,217) | (10,196) |
| Other, net | (2,086) | 2,910 |
| Subtotal | (11,021) | (1,898) |
| Interest and dividends received | 792 | 870 |
| Interest paid | (857) | (1,043) |
| Income taxes refund (paid) | (1,211) | 1,039 |
| Net cash provided by (used in) operating activities | (12,298) | (1,033) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (6,298) | (7,482) |
| Purchase of intangible assets | (2,812) | (2,222) |
| Payments for acquisition of businesses | (1,500) | — |
| Other payments | (674) | (706) |
| Other proceeds | 930 | 221 |
| Net cash provided by (used in) investing activities | (10,354) | (10,189) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 34,174 | (7,550) |
| Proceeds from long-term borrowings | — | 22,250 |
| Repayments of long-term borrowings | (10,525) | (9,710) |
| Dividends paid | (2,582) | (1,722) |
| Repayments of lease liabilities | (2,081) | (2,238) |
| Other, net | 16 | 66 |
| Net cash provided by (used in) financing activities | 19,002 | 1,095 |
| Effect of exchange rate change on cash and cash equivalents | 1,955 | 1,385 |
| Net increase (decrease) in cash and cash equivalents | (1,695) | (8,741) |
| Cash and cash equivalents at beginning of period | 33,379 | 37,498 |
| Cash and cash equivalents at end of period | 31,683 | 28,756 |

(4) Notes to Consolidated Financial Statements

(Notes Relating to Going Concern Assumption)

Not applicable

(Significant Changes in Shareholders' Equity)

Not applicable

(Additional Information)

(Consolidated Subsidiary's Arbitration Proceedings)

OKI's consolidated subsidiary in China, OKI Banking Systems (Shenzhen) Co., Ltd. (hereafter, "OBSZ"), filed an arbitration application against Shenzhen Yihua Computer Industrial Co., Ltd. (hereafter, "Yihua Industrial") with the South China International Economic and Trade Arbitration Commission on October 10, 2015. This was in pursuit of an outstanding receivable of RMB1,115,463 thousand (equivalent to JPY22,822 million at the end of the second quarter of the fiscal year ending March 31, 2024) and for damages (referred to as "Case A"). In addition, OBSZ filed a lawsuit against Yihua Industrial's parent company, Shenzhen Yihua Computer Co., Ltd. (hereafter, "Yihua Computer") in the Guangdong Provincial High People's Court. This suit (referred to as "Case B") aimed to hold Yihua Computer jointly and severally liable for the aforementioned debt, alleging that they are effectively the same entity as Yihua Industrial. Along with this, OBSZ applied for asset preservation.

Later, regarding Case A, on December 16, 2020, the South China International Economic and Trade Arbitration Commission ruled that Yihua Industrial should pay OBSZ an unpaid amount of RMB1,096,866 thousand (equivalent to JPY22,441 million at the end of the second quarter of the fiscal year ending March 31, 2024), inclusive of late fees and attorney costs, and this arbitration has been finalized. Furthermore, concerning Case B, on December 23, 2021, the Guangdong Provincial High People's Court ruled that Yihua Computer, among others, shares joint and several liability for the payments owed by Yihua Industrial to OBSZ. Responding to this, Yihua Computer appealed the decision to the Supreme People's Court on January 5, 2022. However, on September 1, 2023, the Supreme People's Court upheld the initial judgment and dismissed the appeal.

Taking into account the developments in these legal proceedings and considering the potential for enforced collection measures against Yinhua Computer, etc., OBSZ has recorded a long-term operating receivable of RMB833,164 thousand (equivalent to JPY17,046 million at the end of the second quarter of the fiscal year ending March 31, 2024). Of this amount, a doubtful accounts provision of RMB16,042 thousand (equivalent to JPY328 million at the end of the second quarter of the fiscal year ending March 31, 2024) has been recognized, based on the assessment that a portion of the receivable might be uncollectible. Due to these events, during the first half of the fiscal year ending March 31, 2024, an amount of JPY4,277 million from the doubtful accounts provision has been reversed and treated as a reduction in selling, general and administrative expenses, and interest income of JPY217 million was treated as non-operating income.

(Segment Information, etc.)

I First half of the fiscal year ended March 31, 2023 (From April 1, 2022 to September 30, 2022)

Information about amounts of net sales, profit and loss by reportable segment

(Millions of yen)

| | Reportable segments | | | | | Others (Note 1) | Total | Adjustment (Note 2) | Amount recorded on consolidated statements of income (Note 3) |
|---|---------------------|-------------------------|-----------------------|--------|---------|--------------------|---------|------------------------|---|
| | Public Solutions | Enterprise Solutions | Component Products | EMS | Total | | | | |
| Net sales | | | | | | | | | |
| Net sales to external Customers | 39,190 | 47,761 | 40,930 | 34,654 | 162,536 | 220 | 162,756 | — | 162,756 |
| Intersegment net sales or transfers | 635 | 349 | 2,832 | 373 | 4,189 | 6,720 | 10,910 | (10,910) | — |
| Total | 39,825 | 48,110 | 43,762 | 35,027 | 166,725 | 6,940 | 173,666 | (10,910) | 162,756 |
| Segment income (loss) | (638) | (2,712) | 1,503 | 479 | (1,367) | 222 | (1,144) | (2,840) | (3,985) |

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

2. The ¥(2,840) million adjustment to segment income or loss includes the elimination of intersegment transactions of ¥253 million, corporate expenses not allocated to each reportable segment of ¥(3,086) million, and an adjustment to fixed assets of ¥7 million. Corporate expenses consist mainly of general and administrative expenses and R&D expenses that are not attributable to the reportable segments.

3. Segment income or loss is adjusted with operating loss recorded on the consolidated statements of income.

II First half of the fiscal year ending March 31, 2024 (From April 1, 2023 to September 30, 2023)

1. Information about amounts of net sales, profit and loss by reportable segment

(Millions of yen)

| | Reportable segments | | | | | Others (Note 1) | Total | Adjustment (Note 2) | Amount recorded on consolidated statements of income (Note 3) |
|---|---------------------|-------------------------|-----------------------|--------|---------|--------------------|---------|------------------------|---|
| | Public Solutions | Enterprise Solutions | Component Products | EMS | Total | | | | |
| Net sales | | | | | | | | | |
| Net sales to external Customers | 39,317 | 63,935 | 34,925 | 36,467 | 174,646 | 205 | 174,852 | — | 174,852 |
| Intersegment net sales or transfers | 1,189 | 171 | 2,780 | 287 | 4,429 | 4,487 | 8,916 | (8,916) | — |
| Total | 40,507 | 64,107 | 37,705 | 36,754 | 179,075 | 4,693 | 183,768 | (8,916) | 174,852 |
| Segment income (loss) | (840) | 3,885 | 450 | 893 | 4,389 | (446) | 3,942 | (2,938) | 1,003 |

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

2. The ¥(2,938) million adjustment to segment income or loss includes the elimination of intersegment transactions of ¥160 million, corporate expenses not allocated to each reportable segment of ¥(3,134) million, and an adjustment to fixed assets of ¥35 million. Corporate expenses consist mainly of general and administrative expenses and R&D expenses that are not attributable to the reportable segments.

3. Segment income or loss is adjusted with operating loss recorded on the consolidated statements of income.

2. Matters related to changes in reportable segments

From the first quarter for the fiscal year ending March 31, 2024, in line with our new business structure focused on streamlining the scale of operations, optimizing the value chain, and strengthening business management, we have reorganized into four segments: Public Solutions, Enterprise Solutions, Component Products, and EMS.

Please note that the segment information for the first half for the fiscal year ended March 31, 2023 has been disclosed based on the classifications of the reorganized reporting segments.