

Financial Results for Q3 FY2023

February 7, 2024

Oki Electric Industry Co., Ltd.

Summary of Financial Results

- Net sales and operating income were up significantly from the previous year.
- Net sales and operating income increased as a result of the recovery from production impacts due to the supply chain and the full-scale shipment of large-scale projects in Enterprise Solutions.
- Net income increased due to lower foreign exchange losses and improvements in taxes, etc.

(Billion yen)	9 months FY2023 (Actual)	9 months FY2022 (Actual)	Variance
Net sales	286.6	256.6	+30.0
Operating income (loss)	5.8	(4.8)	+10.6
Ordinary income (loss)	4.8	(7.9)	+12.7
Profit (loss) attributable to owners of parent	2.0	(11.6)	+13.6
USD average exchange rate (Yen)	143.3	136.5	+6.8
EUR average exchange rate (Yen)	155.3	140.6	+14.7

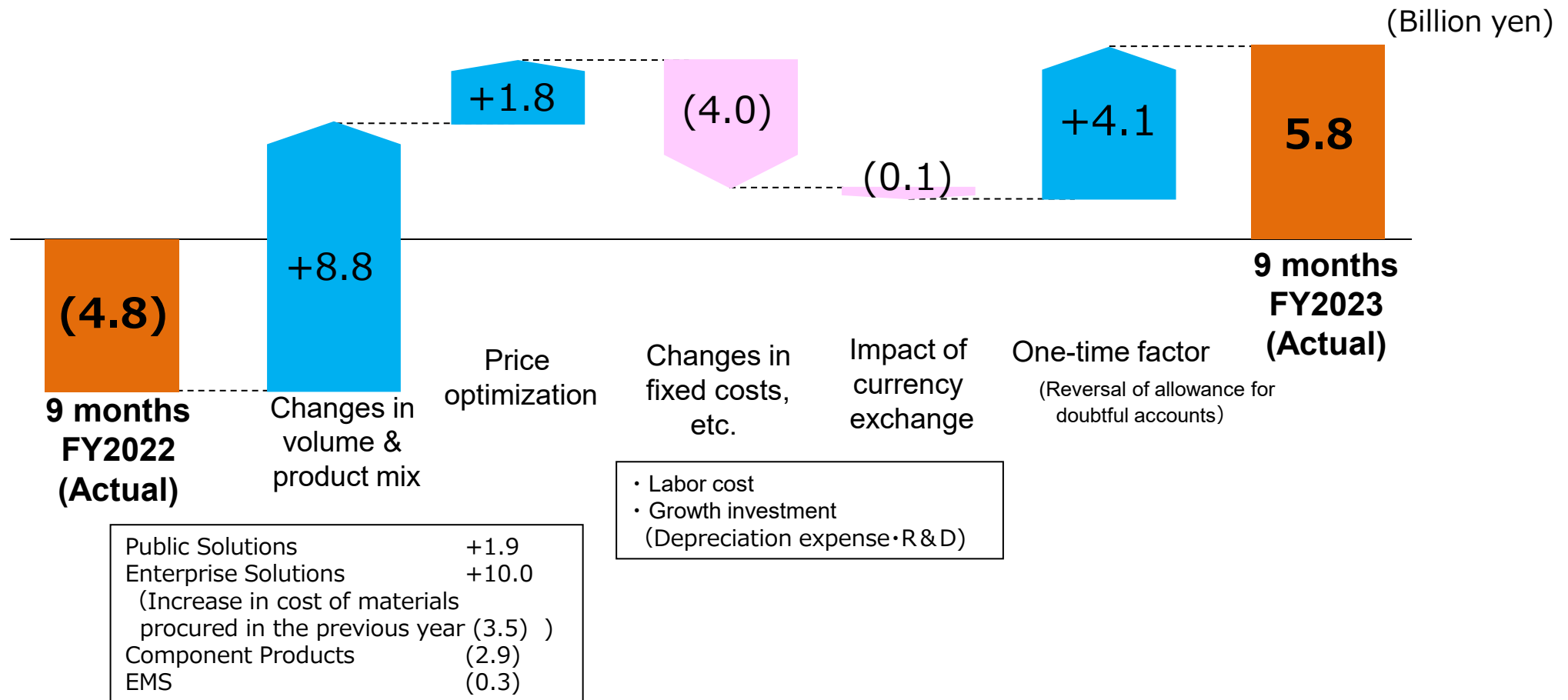
Segment Information (Net Sales / Operating Income)

- Net sales and operating income increased in Public Solutions and Enterprise Solutions.

(Billion yen)		9 months FY2023 (Actual)	9 months FY2022 (Actual)	Variance
Public Solutions	Net sales	63.8	62.0	+1.8
	Operating income	0.6	(0.6)	+1.2
Enterprise Solutions	Net sales	115.5	77.5	+38.0
	Operating income	10.5	(2.6)	+13.1
Component Products	Net sales	53.4	62.3	(8.9)
	Operating income	(0.3)	1.4	(1.7)
EMS	Net sales	53.6	54.4	(0.8)
	Operating income	0.8	1.3	(0.5)
Others	Net sales	0.3	0.4	(0.1)
	Operating income	(0.7)	0.4	(1.1)
Corporate & Eliminations	Operating income	(5.1)	(4.6)	(0.5)
Total	Net sales	286.6	256.6	+30.0
	Operating income	5.8	(4.8)	+10.6

Reasons for Changes in Operating Income/Loss

- The increase was due to a recovery from the impact of a production decline last year and an increase in the volume of large-scale projects.
- Investment in human resources and growth was steadily implemented.



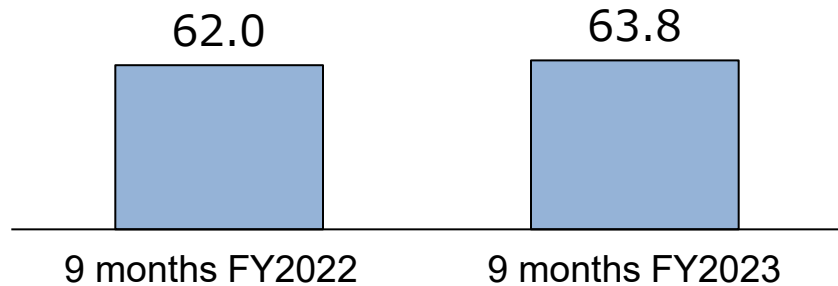
Public Solutions

- The business fields of roads, firefighting, disaster prevention, and TOKKI steadily increased. Although there was a decrease in the number of projects for communication carriers, net sales and operating income increased in the entire segment.

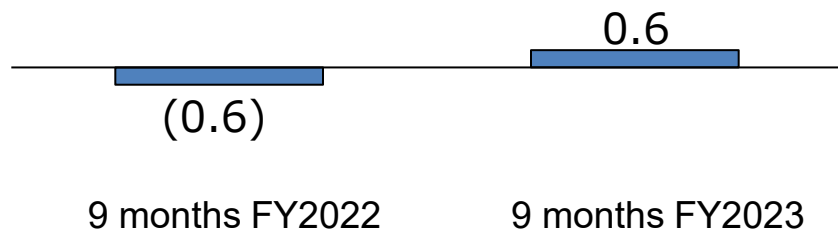
Enterprise Solutions

- Net sales increased significantly due to improvement of the supply chain impact and large-scale projects. Operating income increased due to higher hardware and software sales, as well as improved earnings from construction and maintenance.

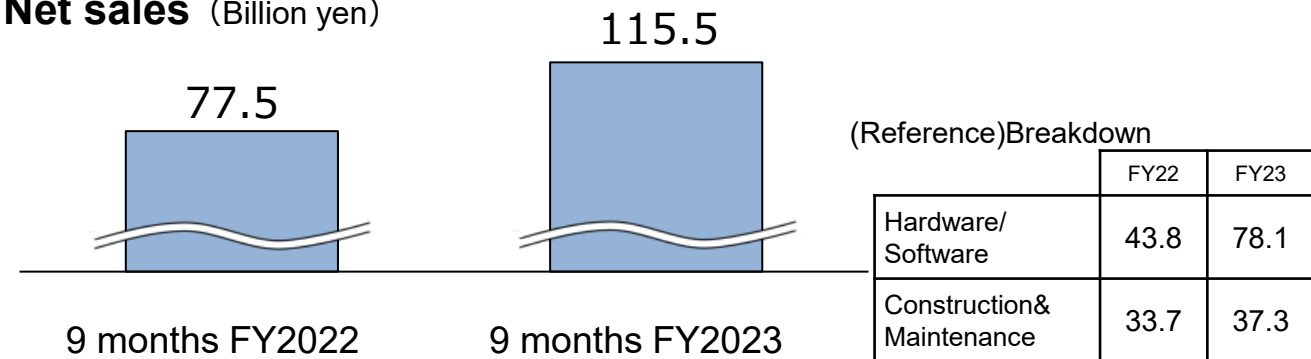
Net sales (Billion yen)



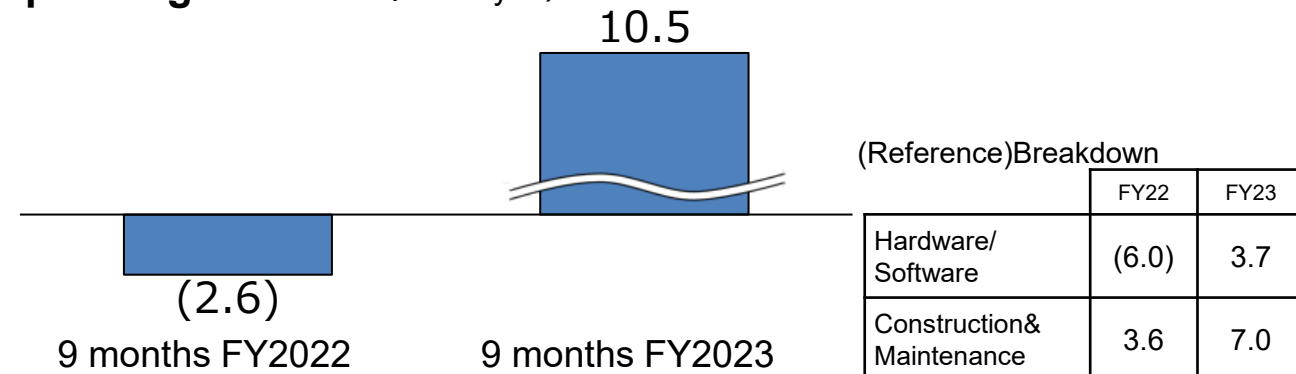
Operating income (Billion yen)



Net sales (Billion yen)

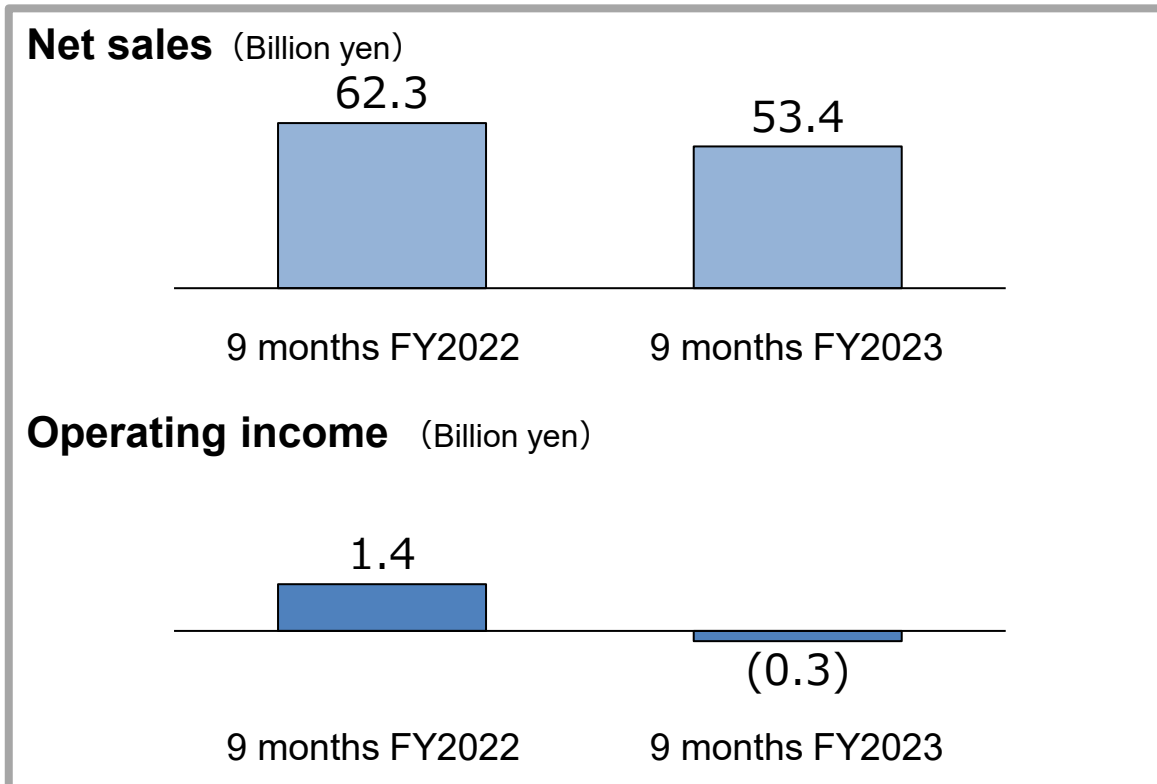


Operating income (Billion yen)



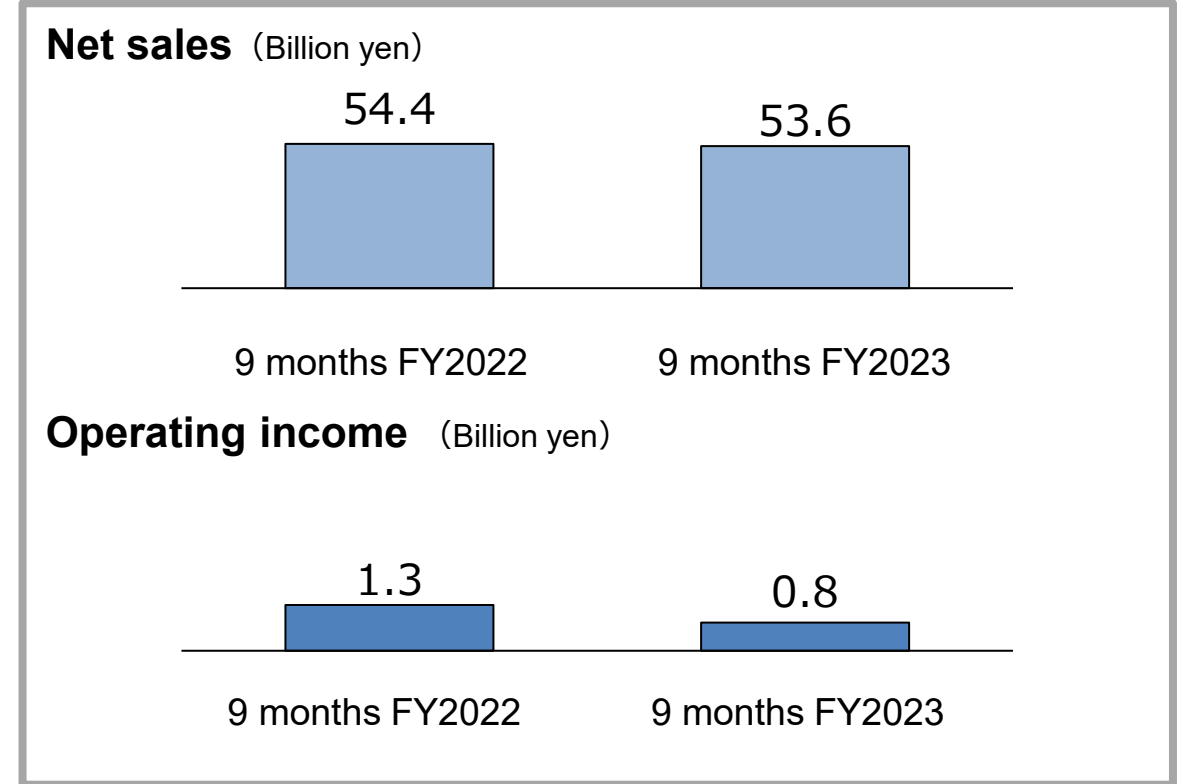
Component Products

- Business conditions have not significantly changed from the first half.
IoT is positive due to improvement from procurement difficulties due to supply chain impact.
Printer operating income declined due to the impact of a significant decrease in net sales on stagnant overseas demand.



EMS

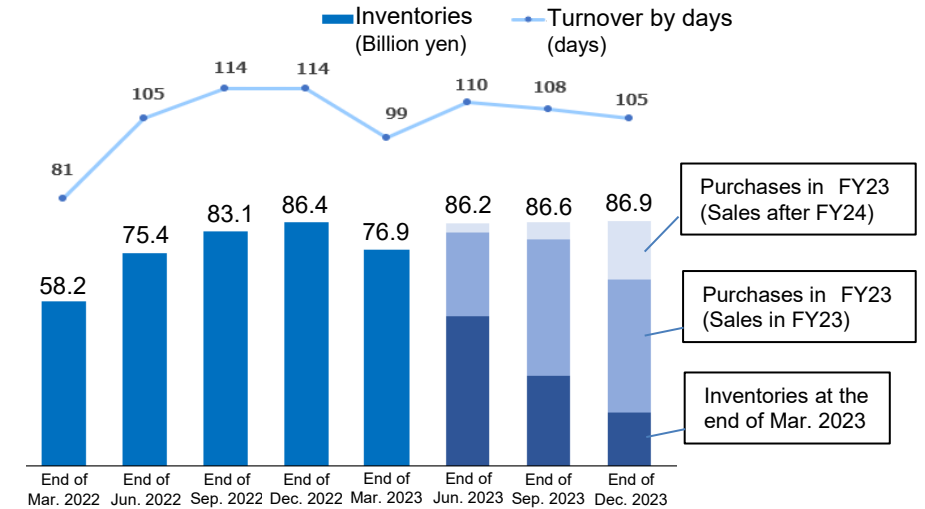
- The impact of the decline in demand in the FA and robot markets due to the slowdown in the semiconductor market and the Chinese economy expanded in Q3, resulting in lower net sales and profits.



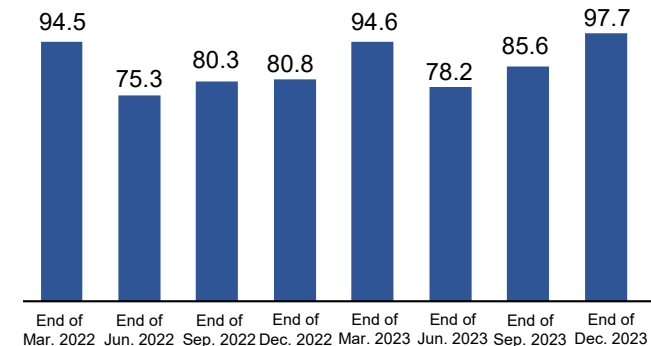
- Trade receivables increased compared to the end of September due to higher sales.
- Inventories have remained at the same level since the end of June in response to the increase in Q4 sales, but progress is being made toward normalization.
- Fixed assets increased due to higher valuation of investment securities due to stock appreciation.

(Billion yen)	Dec. 2023	Mar. 2023	Variance
Current assets	233.8	230.2	+3.6
Fixed assets	170.8	160.2	+10.6
Assets	404.7	390.4	+14.3
Current liabilities	202.1	205.3	(3.2)
Fixed liabilities	96.2	85.9	+10.3
Liabilities	298.3	291.1	+7.2
Shareholders' equity	106.2	99.1	+7.1
Others	0.1	0.2	(0.1)
Net assets	106.3	99.3	+7.0
Total liabilities and net assets	404.7	390.4	+14.3
Shareholders' equity ratio (%)	26.2	25.4	+0.8
D/E ratio (times)	1.2	1.2	±0.0

Inventories / Turnover by days



Trade receivables



- Operating cash flow turned positive due to improved profit.
- We aim to further generate operating cash flow by improving working capital.

(Billion yen)	9 months FY2023 (Actual)	9 months FY2022 (Actual)	Variance
I Cash flows from operating activities	1.3	(14.4)	+15.7
II Cash flows from investing activities	(13.1)	(13.6)	+0.5
Free cash flows (I + II)	(11.8)	(28.0)	+16.2
III Cash flows from financing activities	2.7	26.2	(23.5)
Cash and cash equivalents	29.6	32.8	(3.2)
Purchases of PP&E and intangible assets	13.2	12.2	+1.0
Depreciation	10.2	9.0	+1.2

Financial Forecasts

- Incorporating the current business environment and business performance trends of each business, as well as gains on sales of investment securities due to asset normalization, we revised its earnings forecast.

(Billion yen)		FY2023 Forecasts	Variance from previous forecast(Aug. 10)	FY2022 Actual	Variance
Public Solutions	Net sales	95.0	(3.0)	95.7	(0.7)
	Operating income	3.5	(0.5)	3.4	+0.1
Enterprise Solutions	Net sales	180.0	+2.0	112.9	+67.1
	Operating income	20.5	+5.0	1.5	+19.0
Component Products	Net sales	75.0	(6.0)	84.6	(9.6)
	Operating income	0.5	(1.5)	1.6	(1.1)
EMS	Net sales	75.0	(8.0)	75.3	(0.3)
	Operating income	1.5	(1.0)	2.3	(0.8)
Others	Net sales	0.0	±0.0	0.5	(0.5)
	Operating income	(1.5)	±0.0	0.4	(1.9)
Corporate & Eliminations	Operating income	(7.5)	±0.0	(6.8)	(0.7)
Total	Net sales	425.0	(15.0)	369.1	+55.9
	Operating income	17.0	+2.0	2.4	+14.6
	Ordinary income	15.5	+3.0	(0.3)	+15.8
	Profit attributable to owners of parent	12.0	+4.0	(2.8)	+14.8

Q4
Exchange rate
assumptions
USD : ¥144
EUR : ¥157

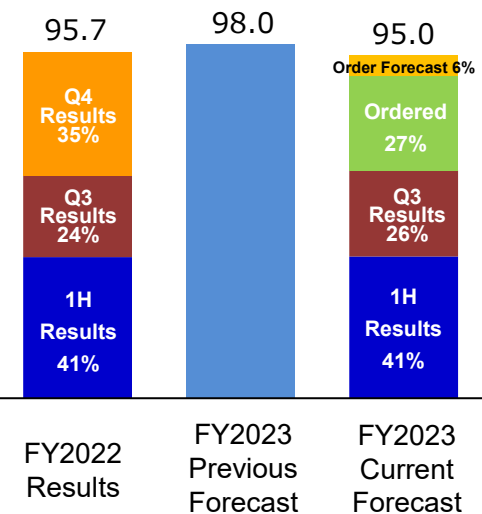
(Reference) Financial Forecasts

- Public Solutions
- Enterprise Solutions

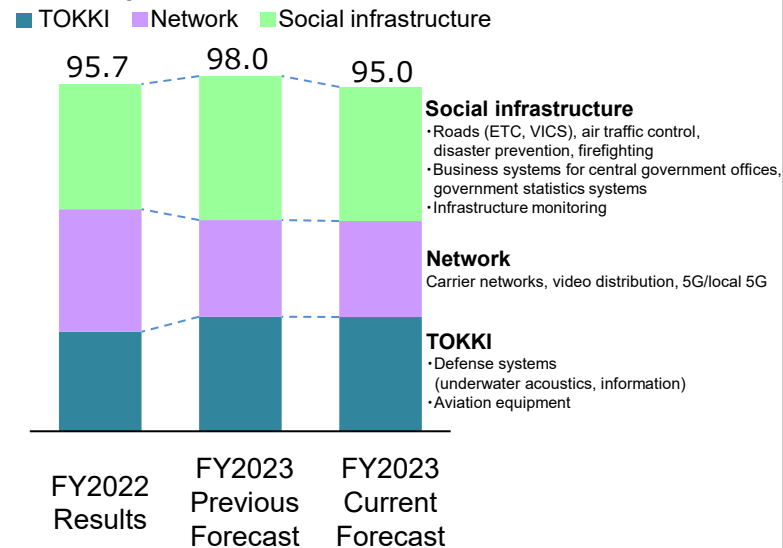
Public Solutions

- ✓ Although there are strong and weak results in each area, the business environment has not changed significantly from the initial forecast.
- ✓ Both sales and profit were revised down based on the progress of bidding projects such as firefighting and disaster prevention and projects in the aviation field.
 - The business fields of roads, firefighting and disaster prevention increased from the previous year, partly due to the market recovery from the impact of COVID-19, etc.
 - The TOKKI business and network business are in line with the plan.
 - The backlog of orders for roads, firefighting, disaster prevention, and TOKKI also increased steadily for the next fiscal year's sales.

Net sales (Billion yen)



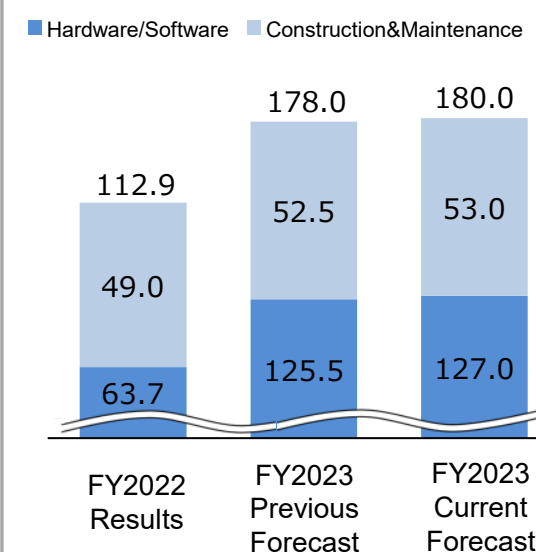
Net sales by Business field (Billion yen)



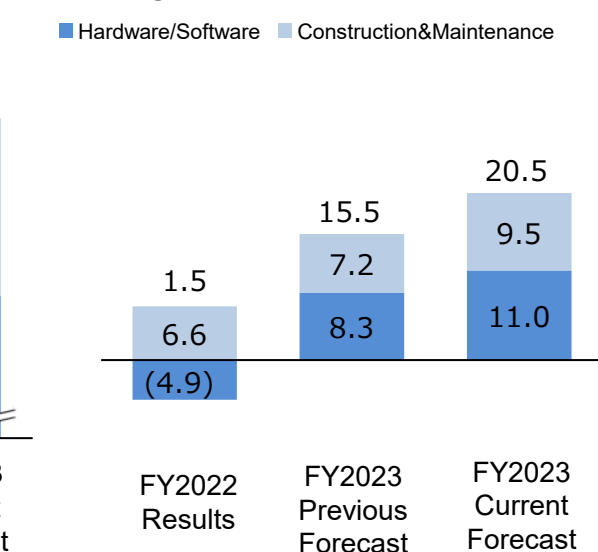
Enterprise Solutions

- ✓ Both net sales and operating income were revised upward.
- ✓ Operating income increased due to product mix, etc., in addition to an increase in volume.

Net sales (Billion yen)



Operating income (Billion yen)



(Reference) Quarterly Results

(Billion yen)		FY2022					FY2023		
		Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Public Solutions	Net sales	19.3	19.8	22.8	33.7	95.7	19.3	20.0	24.5
	Operating income	(0.3)	(0.3)	0.0	4.0	3.4	(0.1)	(0.7)	1.4
Enterprise Solutions	Net sales	23.3	24.5	29.7	35.4	112.9	27.4	36.5	51.5
	Operating income	(1.6)	(1.1)	0.1	4.1	1.5	1.9	2.0	6.6
Component Products	Net sales	19.2	21.8	21.4	22.3	84.6	17.0	17.9	18.5
	Operating income	(0.1)	1.6	(0.1)	0.2	1.6	(0.8)	1.3	(0.8)
EMS	Net sales	16.2	18.5	19.8	20.9	75.3	17.7	18.8	17.1
	Operating income	0.1	0.4	0.9	0.9	2.3	0.6	0.3	(0.1)
Others	Net sales	0.1	0.1	0.2	0.1	0.5	0.1	0.1	0.1
	Operating income	0.1	0.1	0.1	0.1	0.4	(0.1)	(0.3)	(0.3)
Corporate & Eliminations	Operating income	(1.2)	(1.7)	(1.8)	(2.2)	(6.8)	(1.4)	(1.5)	(2.2)
Total	Net sales	78.1	84.6	93.8	112.5	369.1	81.5	93.3	111.8
	Operating income	(3.0)	(1.0)	(0.8)	7.2	2.4	0.0	1.0	4.8

(Reference) Major Products and Services

Public Solutions	<ul style="list-style-type: none">• Roads (ETC, VICS), air traffic control, disaster prevention, firefighting• Business systems for central government offices, government statistics systems• Defense systems (underwater acoustics, information)• Aviation equipment• Infrastructure monitoring• Carrier networks, video distribution, 5G/local 5G
Enterprise Solutions	<ul style="list-style-type: none">• ATMs, cash handling equipment• Bank branch terminals, ticket reservations issuing terminals, check-in terminals• ATM monitoring/operation services• Bank branch systems, system to centralized back office operations• Railway ticket issuance systems, airport check-in systems• Manufacturing systems (ERP, IoT)• Construction and Maintenance Services
Component Products	<ul style="list-style-type: none">• AI edge computers, sensors, IoT networks• PBXs, business phones, contact centers• Cloud services• LED printers
EMS	<ul style="list-style-type: none">• Consigned designing and manufacturing services• Printed circuit boards

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