

## Q&A Session Summary of Financial Results Briefing for FY2024 Q2

### (Meeting Overview)

- Date: November 7, 2024, 16.00-16.30 JST
- Meeting Format: Live online streaming from OKI Headquarters, Tokyo
- Presenter: Teiji Teramoto, Senior Executive Vice President, Representative Director

### (Questioner A)

- Q1: Considering the results of the U.S. presidential election, would you tell us about its impact and risk to your businesses?
- A1: In terms of overseas sales ratio, the impact is not significant as our current sales volume to North America is not large. However, there is an impact from foreign exchange fluctuations. Specifically, a 1-yen depreciation of JPY against USD would worsen our operating income by roughly 50 million yen annually due to our procurement structure. We will closely monitor such risks.
- Q2: It was mentioned that one of the reasons why profits increased in Enterprise Solutions was due to absence of the impact of material cost increase in the same period of the previous year, but is it correct to understand that this is due to foreign exchange fluctuations?
- A2: Last fiscal year's results were affected by supply chain issues and difficulties in procuring materials, which led to higher procurement costs. This fiscal year, those factors have gone, resulting in profit increase by around 3 billion yen.

### (Questioner B)

- Q3: For the first half of this fiscal year, it was explained that the profit increase in Enterprise Solutions was due to the new JPY notes project and other large-scale project. Would you specify how much each contributed to the performance?
- A3: In terms of sales volume, the new JPY notes project contributed between 5 billion yen and 10 billion yen, while other large-scale projects added 20 billion yen, compared to last fiscal year.
- Q4: While sales increased significantly in the first half regarding Enterprise Solutions, is it correct to understand that the sales in the second half are expected to settle down a bit?
- A4: Your understanding of the second half is correct. The new JPY notes project was mostly completed in the first half. On the other hand, there are other large-scale projects for specific customers, and our factories related are going to operate at full capacity in the second half too and those are also expected to continue into next fiscal year. This does not mean that sales are going to increase in the second half year on year, but we will continue to take on those large-scale projects next fiscal year.

- Q5: Regarding Public Solutions, there was an explanation about increased revenue results in roads and defense for the first half as well as forecasts of sales growth in firefighting and disaster preparedness for the full fiscal year. Would you detail how much growth you expect?
- A5: It is true that sales increased in the first half compared to the previous fiscal year, but due to the nature of the business, Social Infrastructure Solutions and TOKKI Systems have a large amount of sales to be recorded in the second half, so on an annual basis, we expect an increase of about 30% for firefighting, disaster preparedness, roads, etc., and an increase of 60 to 70% for TOKKI Systems, year on year.
- Q6: There was also an explanation about the status of annual sales secured for Public Solutions, but I would appreciate it if you could detail the growth in orders related to defense business for this fiscal year, and the growth image for next fiscal year and beyond.
- A6: Orders on an annual basis have increased significantly compared to the previous fiscal year. We have yet to start planning for the next fiscal year, the final year of the Medium-Term Business Plan 2025, as well as for the next Medium-Term Business Plan period, so we don't have a clear picture, but expect an upward trend for the next five years or so in TOKKI Systems.

(Questioner C)

- Q7: Regarding EMS, please advise how you see the outlook for the second half of this fiscal year, compared to the result for the second half of the previous fiscal year, including your market perspective related.
- A7: We have been facing difficulties in EMS due to market stagnation since the second half of the previous fiscal year. Initially, we expected semiconductor and FA robotics market to recover in this fiscal year's second half, but there is no sign for a recovery at this moment. So, now we believe that a full recovery will not occur until next fiscal year. Given this uncertainty, while we had an operating loss of 1 billion yen as the first half financial result, we are forecasting an operating profit of 2 billion yen for the second half, and then a 1 billion yen for full fiscal year operating profit.

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

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